

**iab.**  
australia

# audio advertising

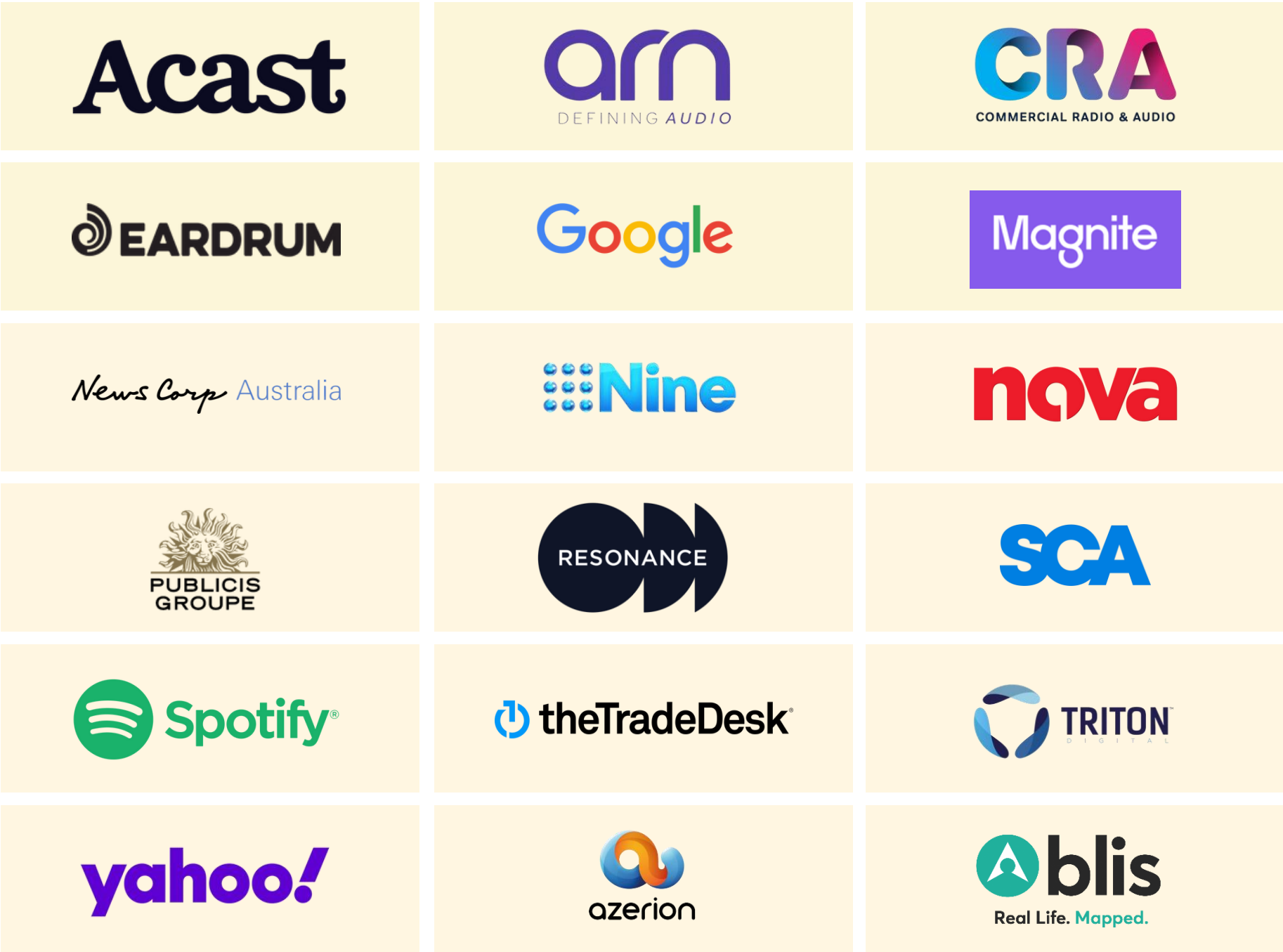
state of the nation report

wave 8 | february 2024

# iab audio council

the **iab thanks** the following organisations for their support in this study.

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# 01. introduction and background

# introduction

The IAB Audio Council are pleased to release the 8th wave of the State of the Nation Audio Advertising Industry Report. This data supports the Council’s activities to provide the industry with best practices and ways to drive growth in digital audio as a successful and essential advertising channel for publishers and advertisers.

Most advertisers are now consistently considering digital audio advertising to reach highly engaged audiences, with capturing attention the number one driver of digital audio usage.

Digital audio also has a key role in complementing other media channels and buying with broadcast radio and combined with other media opportunities is expected to increase this year.

This year we’ve assessed for the first time the opportunities for AI in digital audio advertising. I look forward to the IAB Audio Council’s continued collaboration to help the industry make the most of these opportunities in privacy compliant and ethical ways.



**Richard Palmer**

Director of Market Development (APAC)  
Triton Digital  
Co-chair, IAB Audio Council



**Gai Le Roy**

CEO  
IAB Australia

Digital audio is one of the most significant growth markets in Australian media and with the increase in investment in both streaming audio and podcasting advertising it remains important for the industry to gain insight on buyer behaviors and plans provided in the IAB State of the Nation Audio Advertising Industry Report.

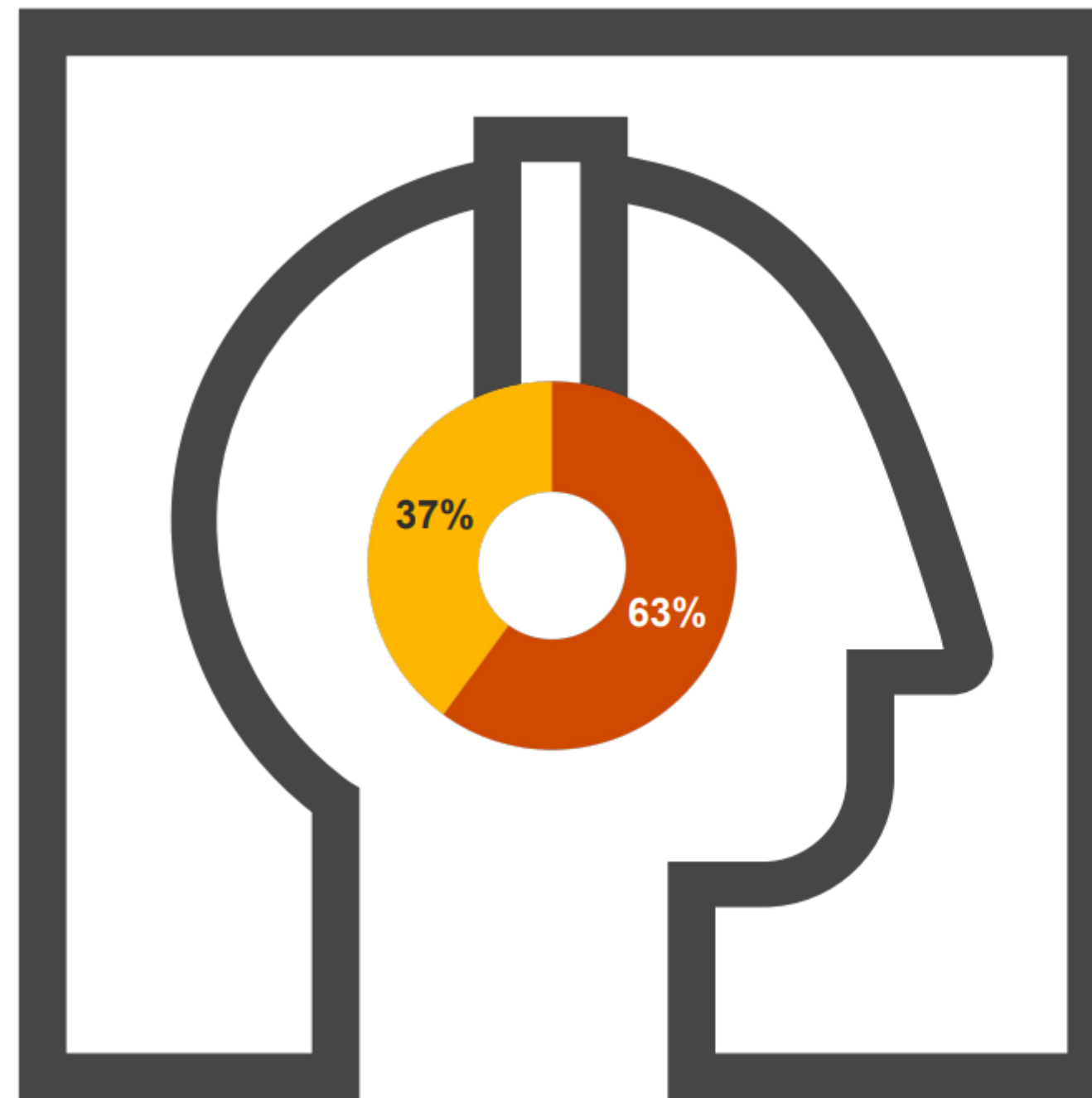
The predominant objective for digital audio campaigns continues to be in brand building and this focus on brand has not been diminished due to the impact of the economic downturn. Digital audio advertisers focus on branding is contributing to securing their longer-term business success.

Measurement and evidence of effectiveness continue to be challenge for digital audio advertising (and other digital formats). With the full retirement of third-party cookies and changing privacy legislation this year, it vital for marketers to reset measurement toolkits with resilient techniques that prove the brand impact and sales ROI of digital audio advertising in the context of their full media mix.

# digital audio ad market

**digital audio and podcast advertising** represents 5% of overall digital general display advertising in CY 2023.

For the quarter ending December 2023, total online audio expenditure increased to \$77.8m, a 38% increase on the same quarter 2022.



The total Australian online audio advertising market in 2023 was

**\$265.8m**

representing

**4.6%**

of total 2023 general display advertising expenditure

**\$99.1m**

Podcast advertising expenditure

**\$166.7m**

Streaming advertising expenditure

# background

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## Understanding the experience of marketers and agencies with **digital audio advertising**

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- 219 survey responses were collected from the advertising buy-side including from media, creative and digital advertising agencies, agency trading desks and brands/companies that buy advertising.
  - Respondents are decision makers or influencers in the allocation of marketing spend and either placed or planned audio advertising campaigns.
  - 92% of respondents are from ad agencies and 8% from brands/companies that buy advertising.
  - Respondents represent a spread of large agencies from holding groups (80% of agencies surveyed) and from smaller independent agencies (20% of agencies survey).
- This study was conducted in December 2023.
- This is the 8thZ wave of the IAB Audio Advertising State of the Nation which has been conducted at a similar time each year, full reports are available on the IAB website

**The survey covers usage and attitudes to advertising in broadcast radio, streaming digital audio, DAB+ and podcasts.**

# executive summary

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## streaming digital audio and podcast advertising

continues to play a consistent and integrated role in media planning.

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The future sounds good for digital audio advertising. 83% of agencies now have digital audio advertising (streaming or podcast) as a regular part of their activity and more than 6 in 10 intend to **increase investment over the next year**.

Audio advertising excels at capturing attention. **Audience attention and engagement** is the #1 driver for investment in digital audio advertising.

Reaching highly engaged audiences at unique moments makes digital audio **key to complementing other media channels**. Agencies commonly buy digital audio advertising in combination with other media **and buying with broadcast radio and with other media owner opportunities is expected to increase this year**.

**Brand building is by far the dominant campaign objective** for both streaming audio and podcast advertising. Despite the slowing economy and increased focus on performance advertising we are not seeing audio play as great a role in driving purchase intent and sales/conversions as we have seen with other digital media channels (e.g. digital video) over the last year. However, **only a small proportion of buyers have decreased usage of digital audio for brand building due to the impact of the economic downturn**.

Structural enhancements like improved measurement, simplified buying and programmatic continue to be opportunities for growth.

Overall programmatic buying is holding steady with agencies expecting to **increase buying via programmatic guaranteed deals** this year, however supply and scale continues to be challenging for ad buyers.

**Data and targeting continues to be the predominant driver of agencies buying audio advertising programmatically**, and buyers would like more sophisticated targeting and personalisation capabilities.

Measurement and evidence of effectiveness continue to be the top challenges for digital audio advertising. Aligned with campaign objectives, **campaign reach and brand lift studies are the most important measurement tools** for assessing effectiveness. Market Mix Modeling, a key tool for measuring ROI across all media is deemed less important for assessing digital audio advertising. In a slowing economy where buyers are highly focused on improving media efficiency by evaluating campaigns more frequently in a cross-media context, it is a risk that measurement tools commonly used to assess ROI of other media channels are not being used to assess digital audio.

Ad buyers see **AI as an opportunity to drive growth in audio advertising, particularly content customisation** (content seen as more of an AI opportunity than ad operations).

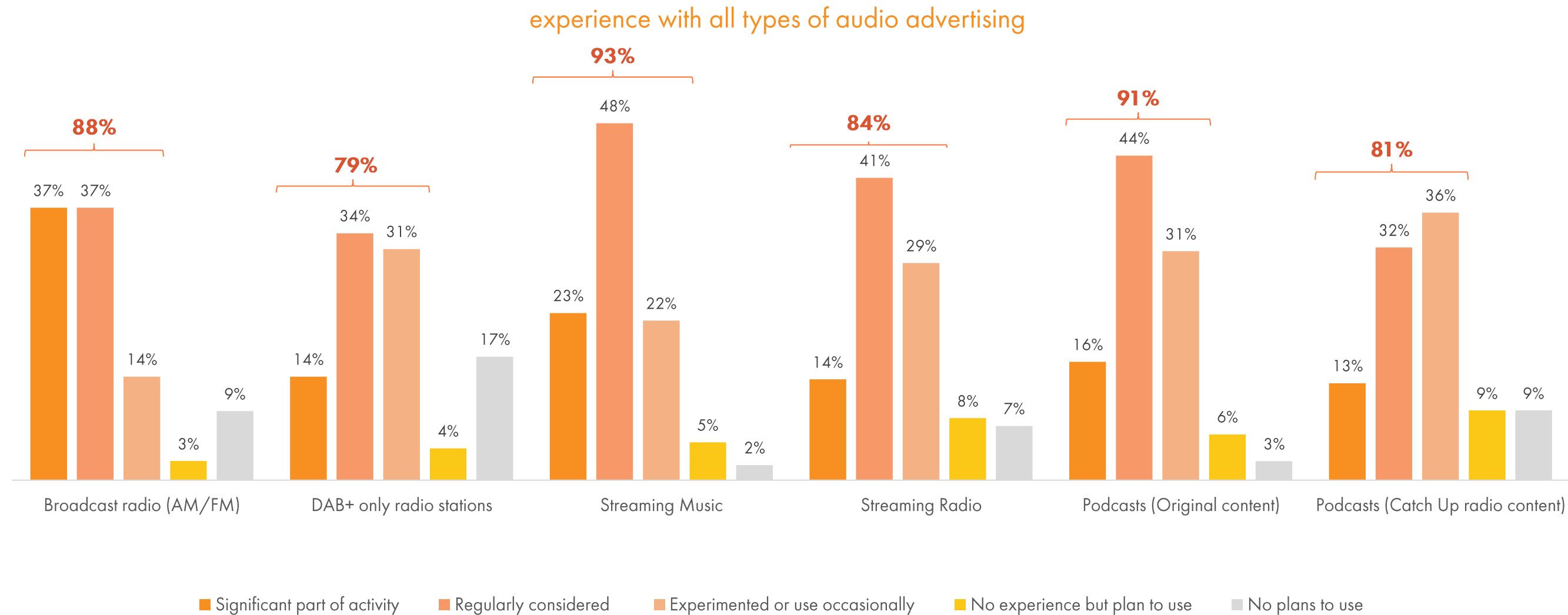


# 02. audio advertising planning and buying

# significant level of audio advertising usage

## 9 in 10 have used digital audio

High levels of digital audio advertising usage have been maintained this year. There is a slightly lower proportion of respondents in the sample this year who have used streaming radio and podcast catch up radio to date.

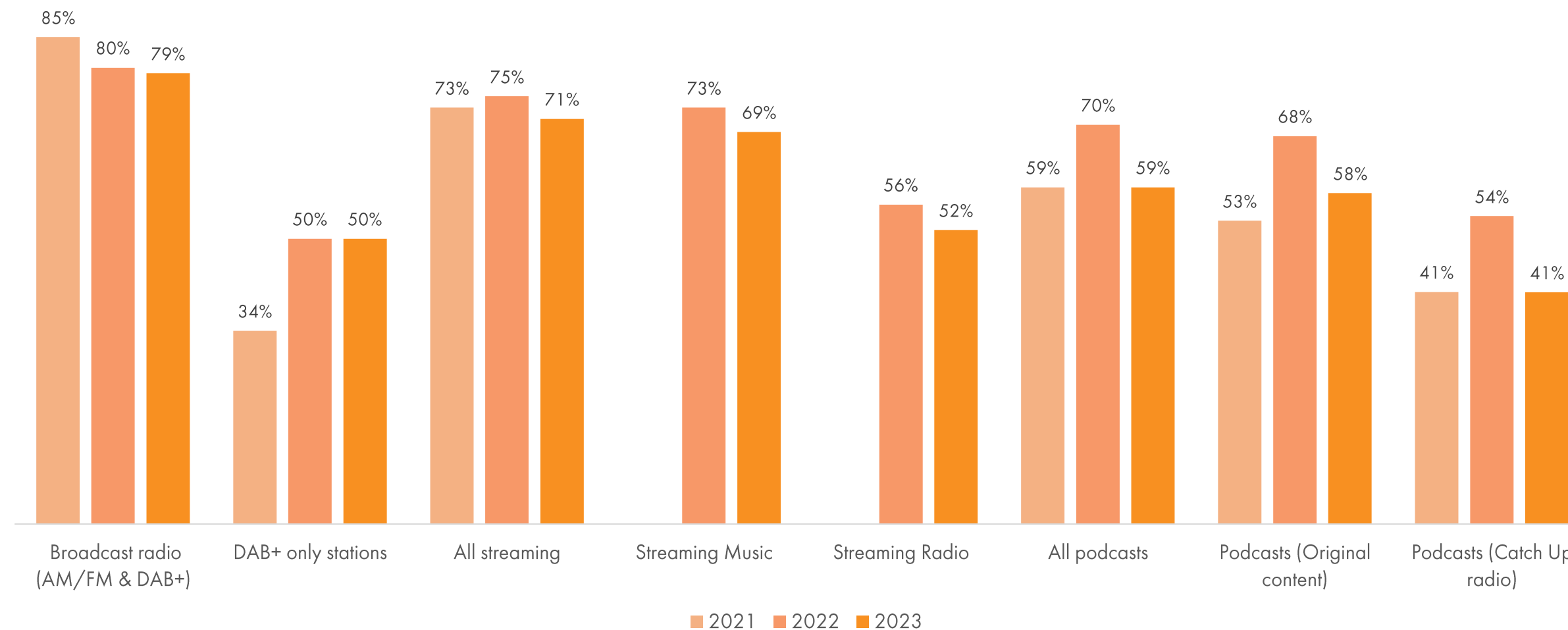


# agencies regularly consider audio advertising

## 8 in 10 regularly consider digital audio

83% of media agencies now have digital audio advertising (streaming or podcast) as a significant or regular part of their activity. Significant or regular usage of podcasts is -11% pts less than amongst the survey sample last year. Streaming formats were split out in the survey for the first time in 2022 and podcast formats were split out for the first time in 2021.

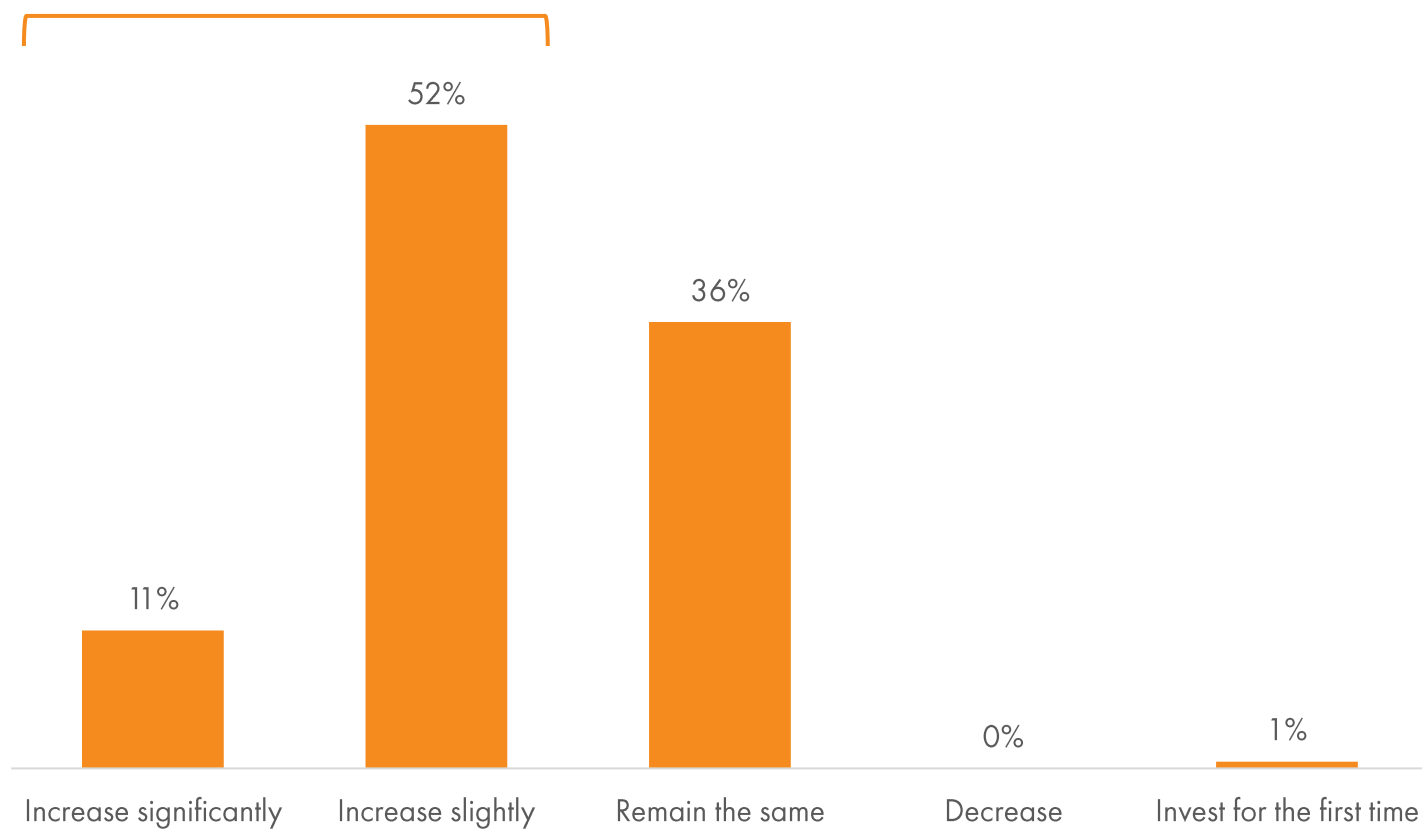
media agencies where audio is a significant or regular part of activity



# digital audio investment plans for 2024

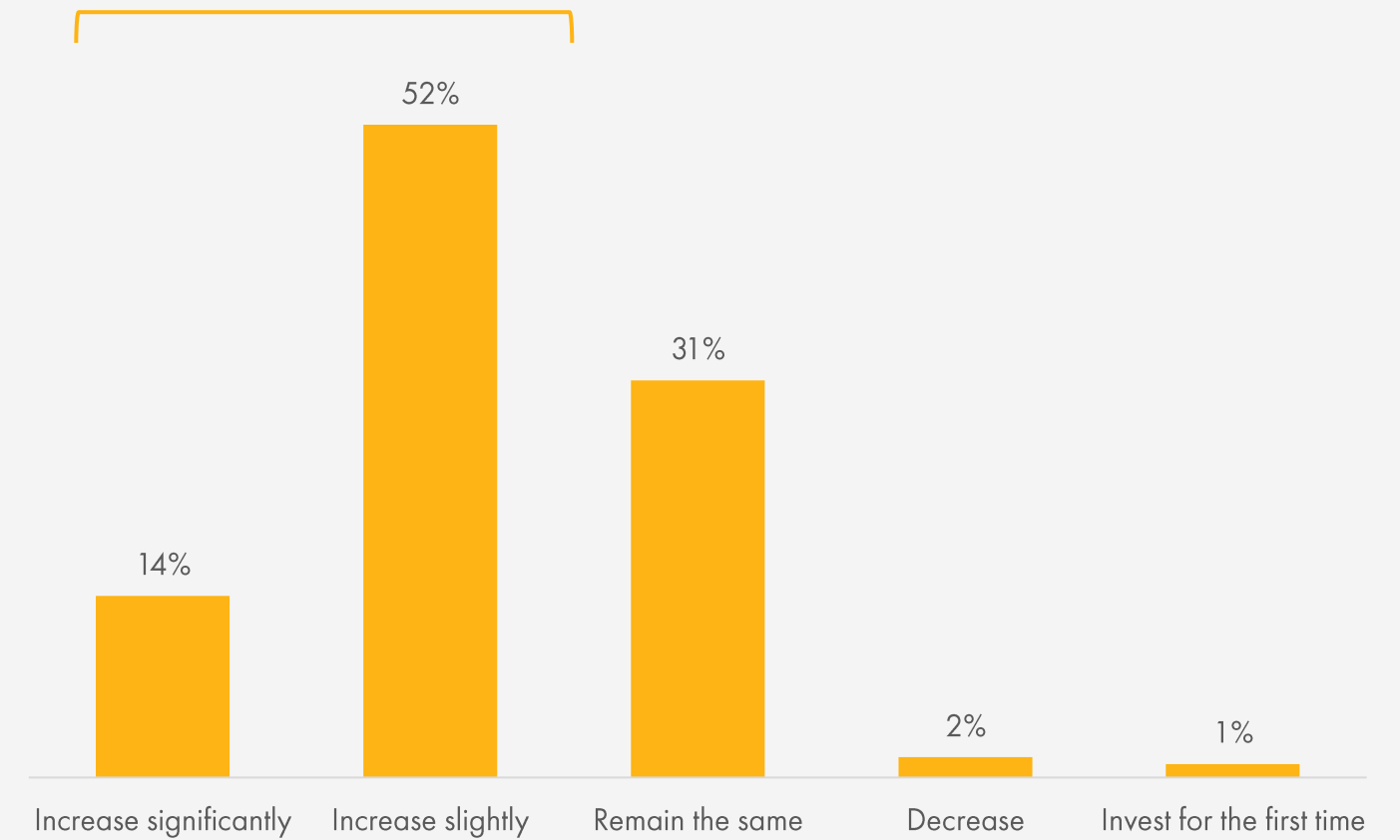
## streaming audio

63% (61% of media agencies) intend to increase investment in streaming audio advertising in 2024.



## podcast

66% (64% of media agencies) intend to increase investment in podcast advertising in 2024.



# attention and engagement key driver for investment in digital audio

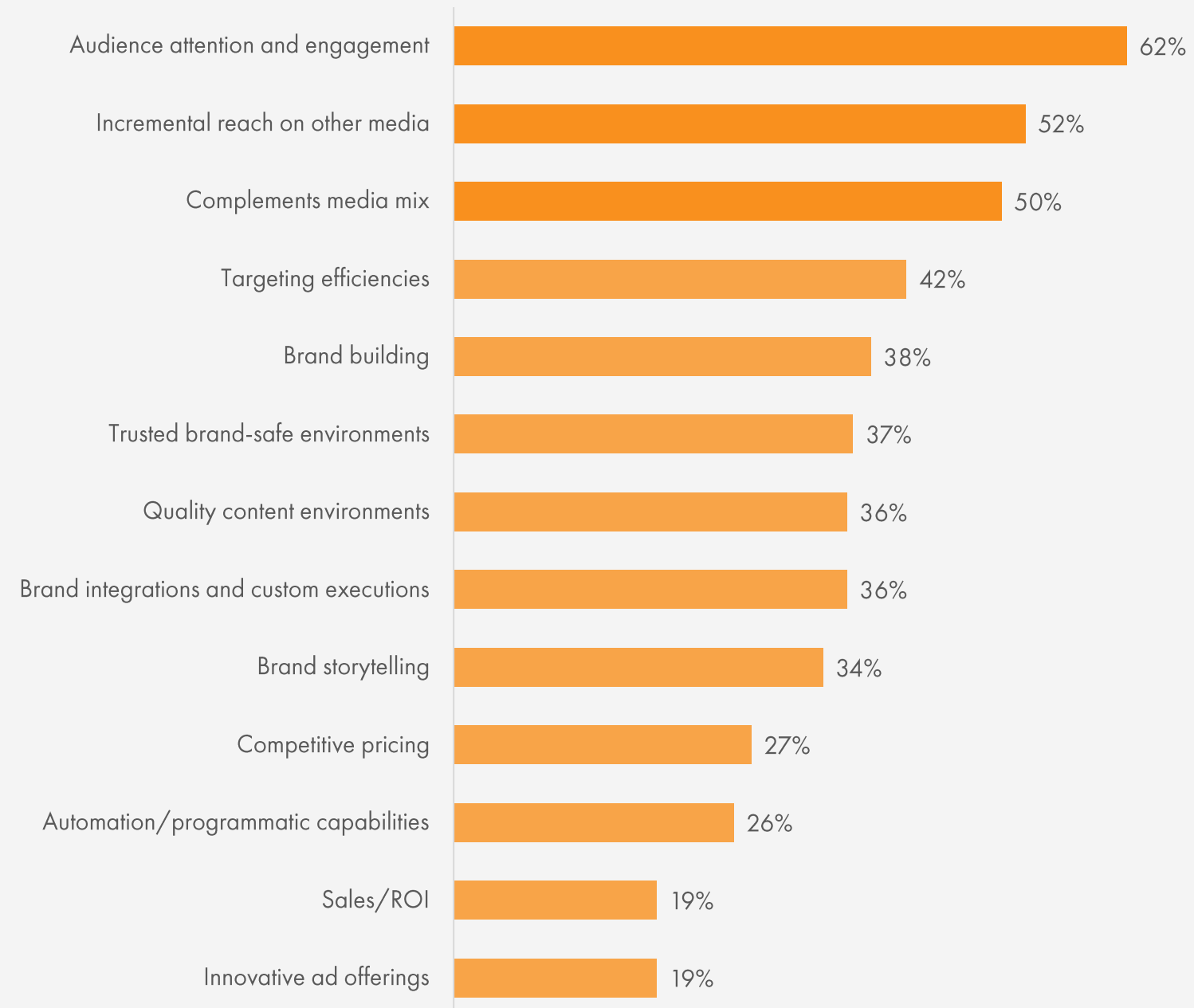
**Audience attention and engagement, along with enhancing other media are the key drivers for investing in digital audio advertising.**

As a comparison to drivers for digital video advertising, reach plays a greater role in driving video usage however targeting, attention and brand building are common key drivers for both video and audio.

This is a new question added to the survey for the first time this year.

*“Digital audio needs to be a considered channel for advertisers. Over the years I have seen streaming sold in by networks as a reach extension to a broadcast radio buy however, I think this is severely under-selling and minimising the sophistication of the channel. The tech is there, the measurement is catching up and we are seeing data that audiences are increasingly engaging with the channel.”  
- agency respondent*

## Drivers for using or recommending digital audio advertising

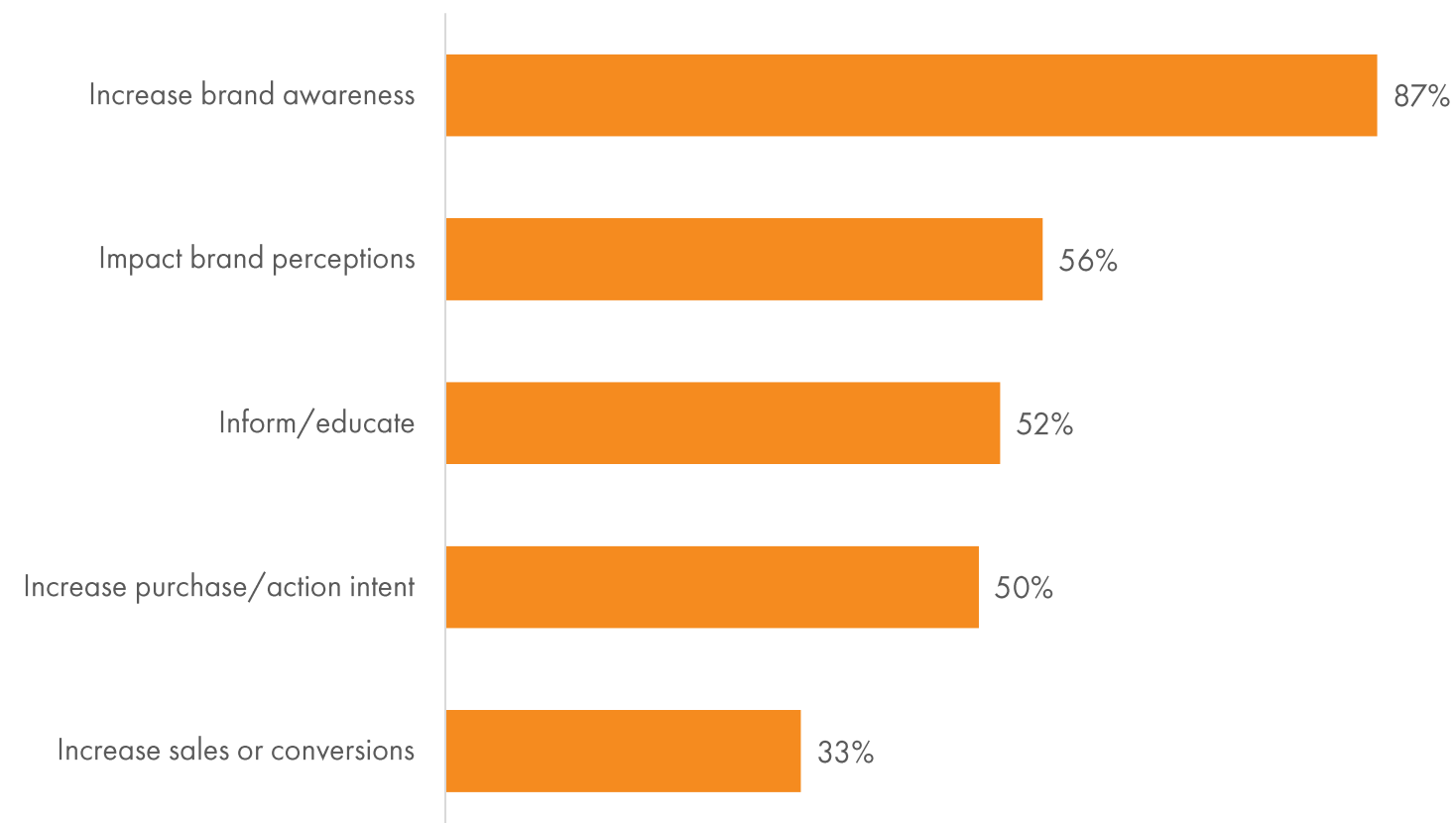


# objectives for digital audio campaigns

## streaming audio

Amongst our sample of predominantly larger agencies, branding is the dominant objective for both streaming audio and podcast advertising.

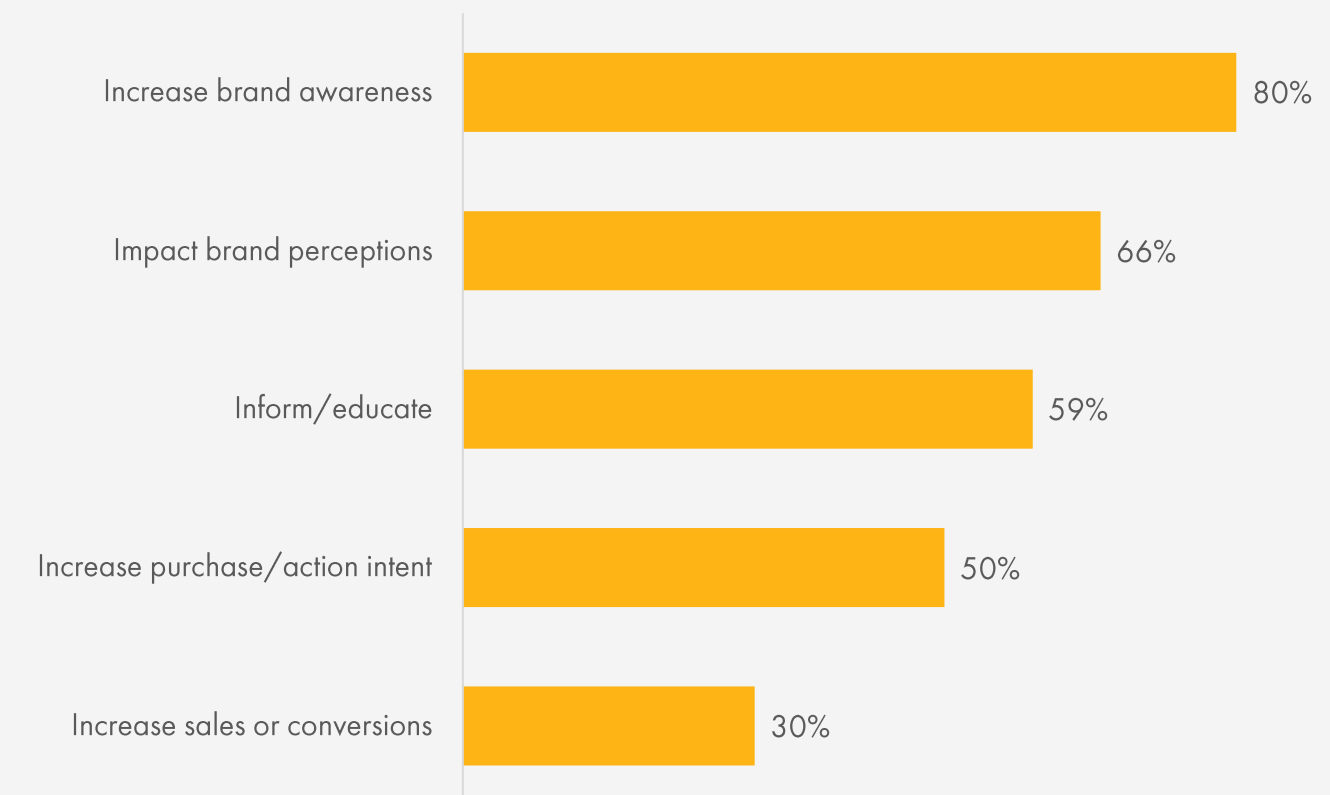
objectives of streaming audio (music and radio) advertising



## podcast

Podcast advertising plays a stronger role for impacting perceptions and to inform or educate.

objectives of podcast advertising

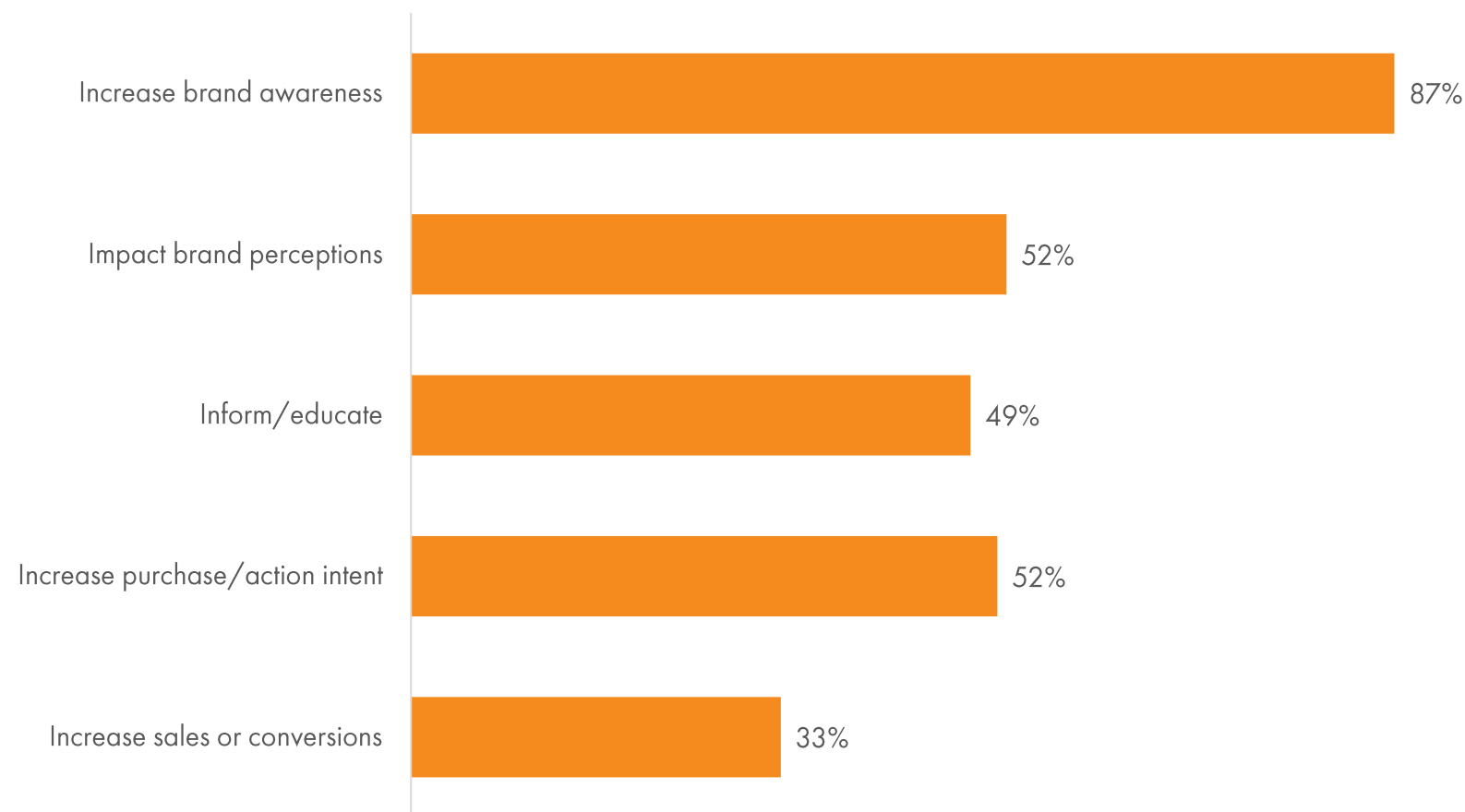


# media agency objectives for digital audio campaigns compared to digital video

## streaming audio

Amongst media agencies, streaming audio is more heavily used for brand building but less for lower funnel objectives.

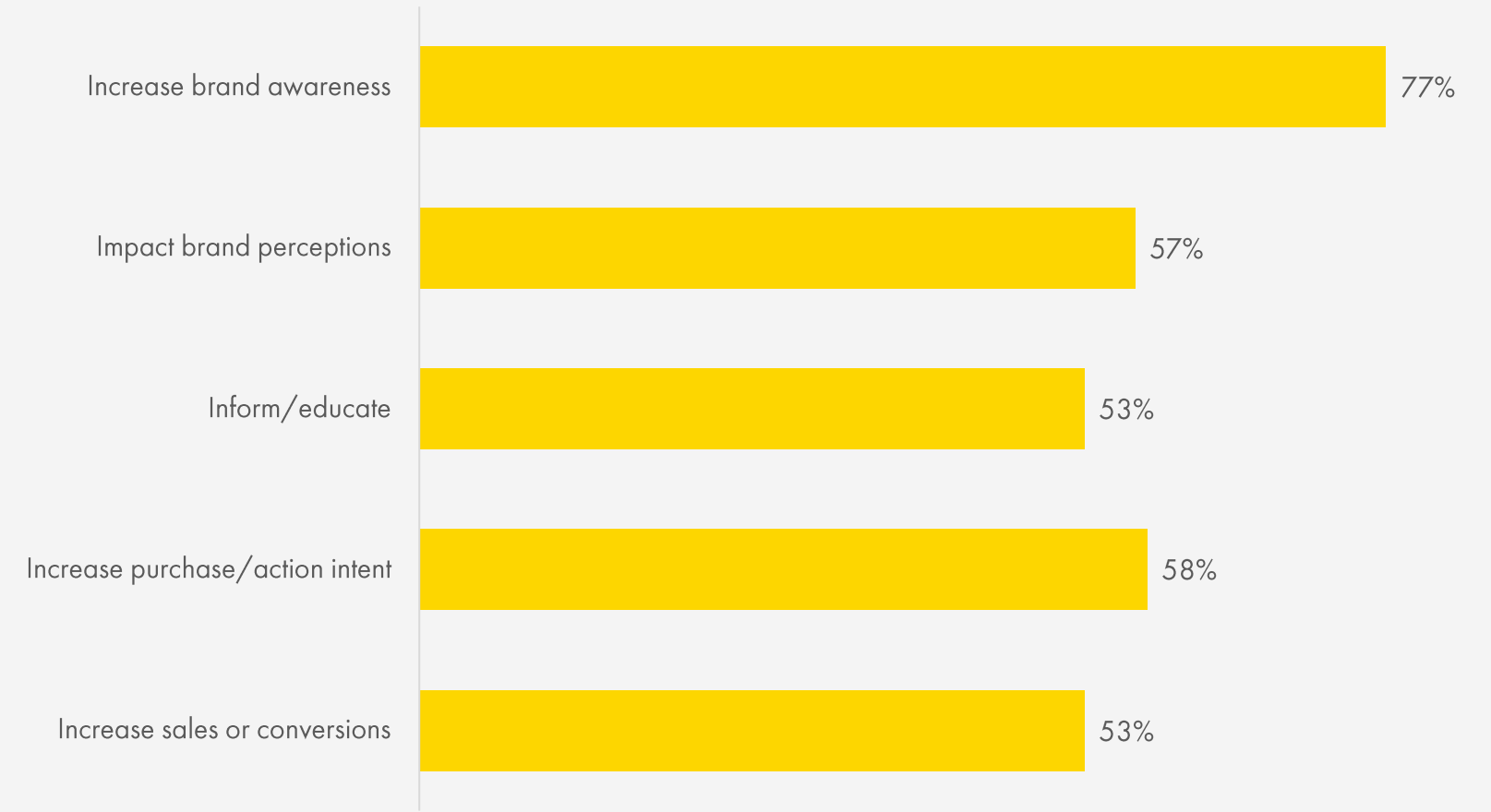
media agency objectives of streaming audio (music and radio) advertising



## digital video

While used predominantly for branding, digital video has a much stronger role in driving intent and sales/conversions than digital audio.

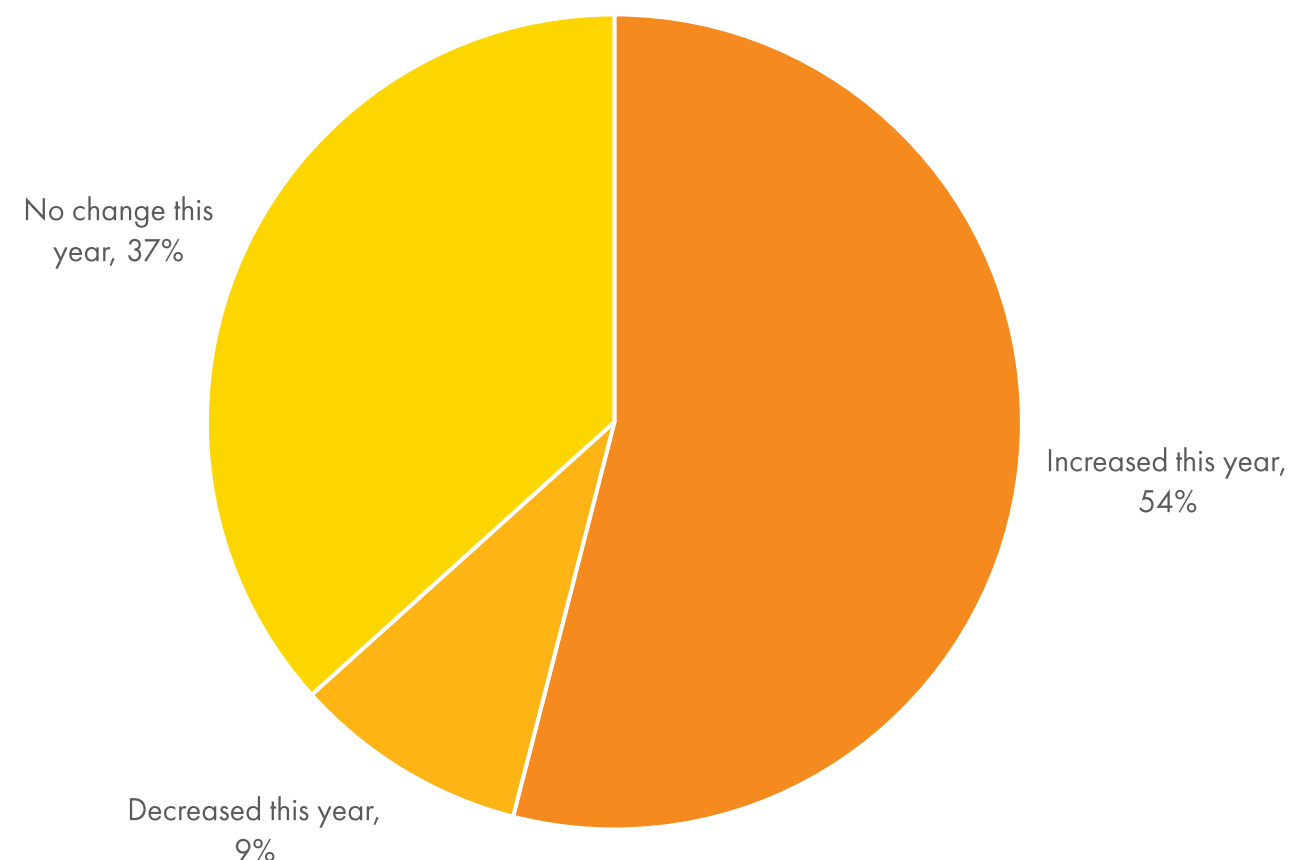
media agency objectives of digital video advertising (computer & mobile)\*



# usage for brand building objectives increased or not changed this year, despite economic downturn

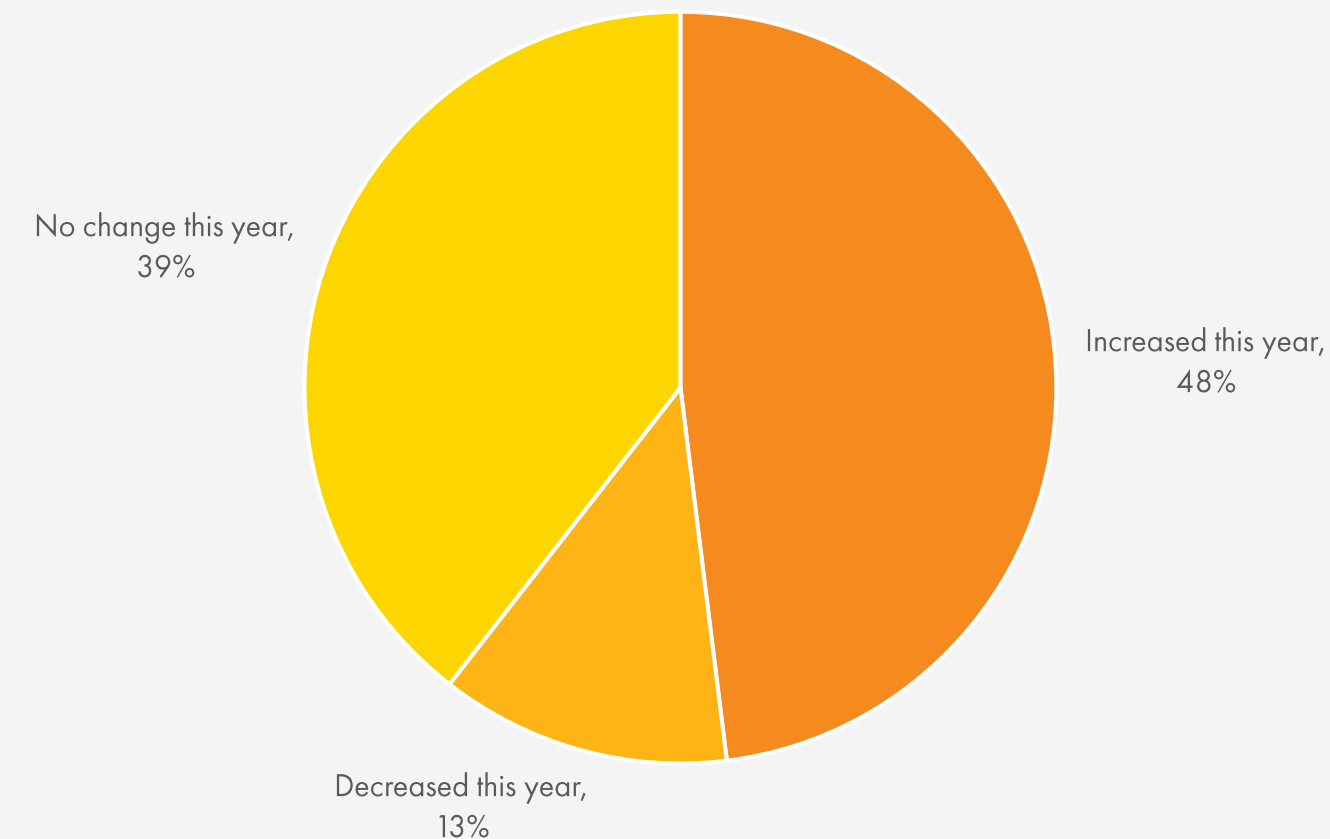
## streaming audio

Only 9% have decreased usage of streaming audio advertising for brand building due to the impact of the economic downturn.



## podcast

Only 13% have decreased usage of podcast advertising for brand building due to the impact of economic downturn.

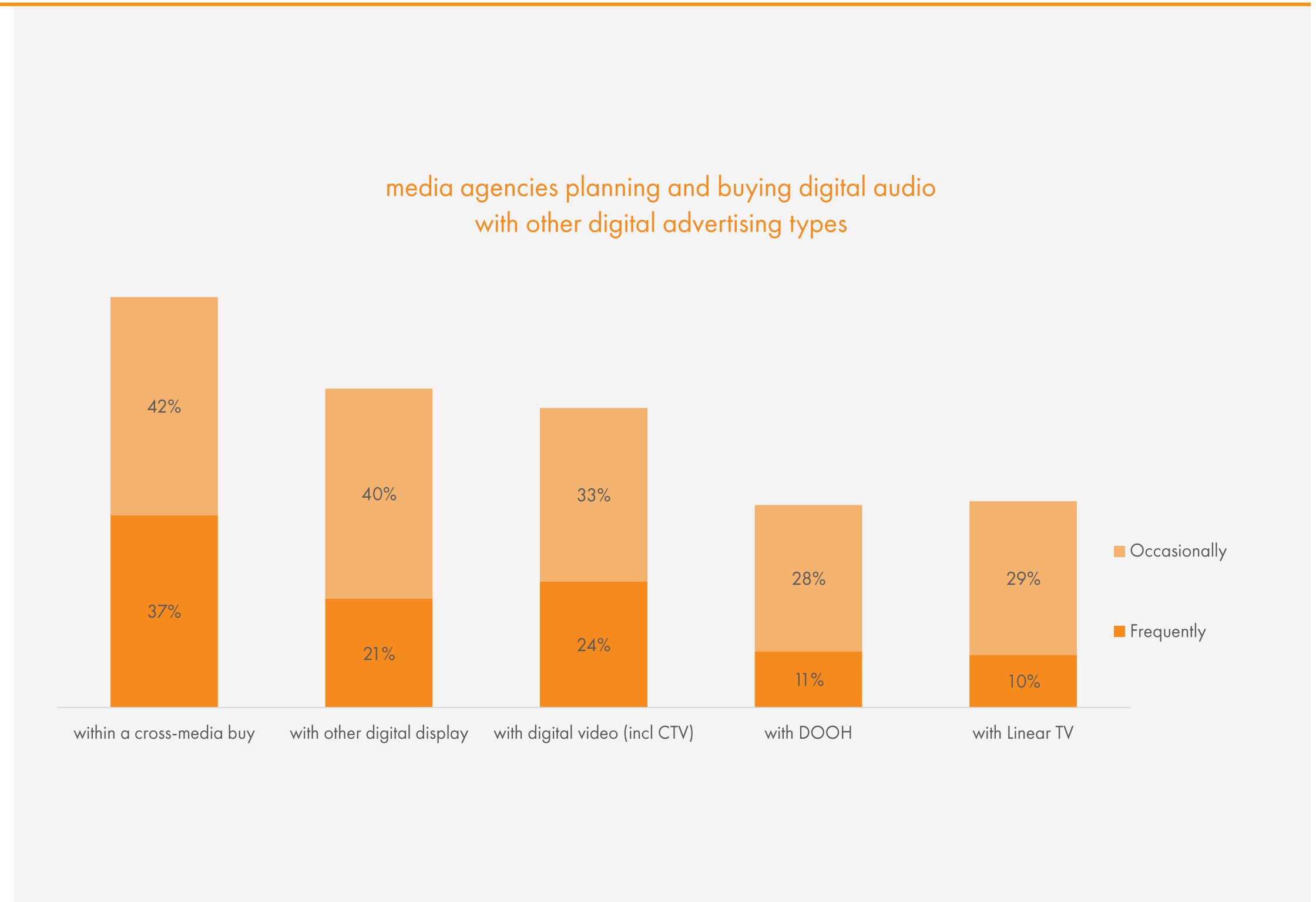




# agencies plan and buy digital audio in combination with other digital advertising

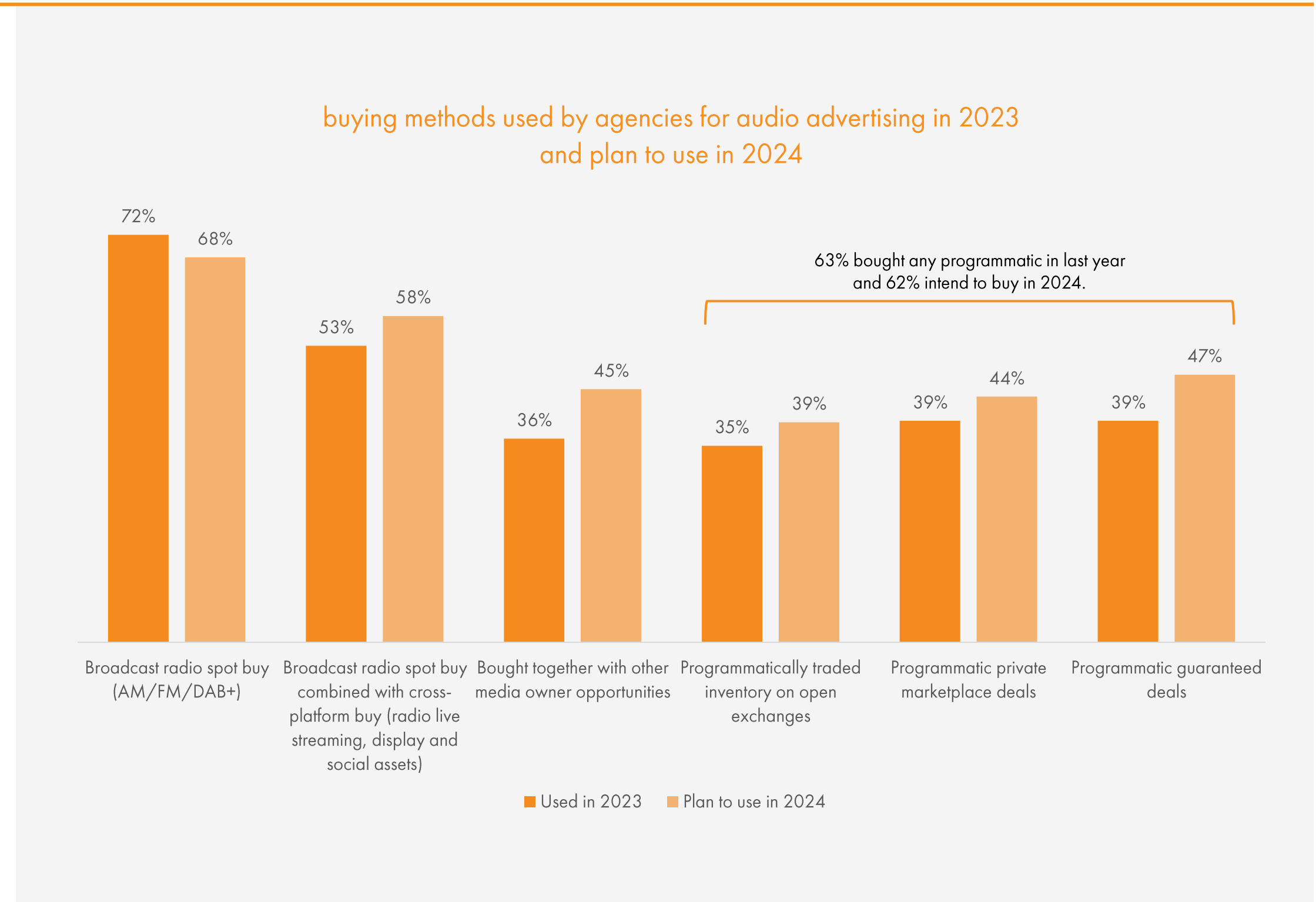
## Digital audio is a key advertising channel to complement omnichannel media plans.

Media agencies commonly buy digital audio advertising in combination with other media (8 in 10 frequently or occasionally), most often with other digital display advertising including digital video.



# 6 in 10 agencies buying programmatic digital audio

Compared to 2023 usage, agencies are expecting to increase buying digital audio advertising in combination with other ad opportunities in 2024. Agencies also expect to increase buying via programmatic guaranteed deals.



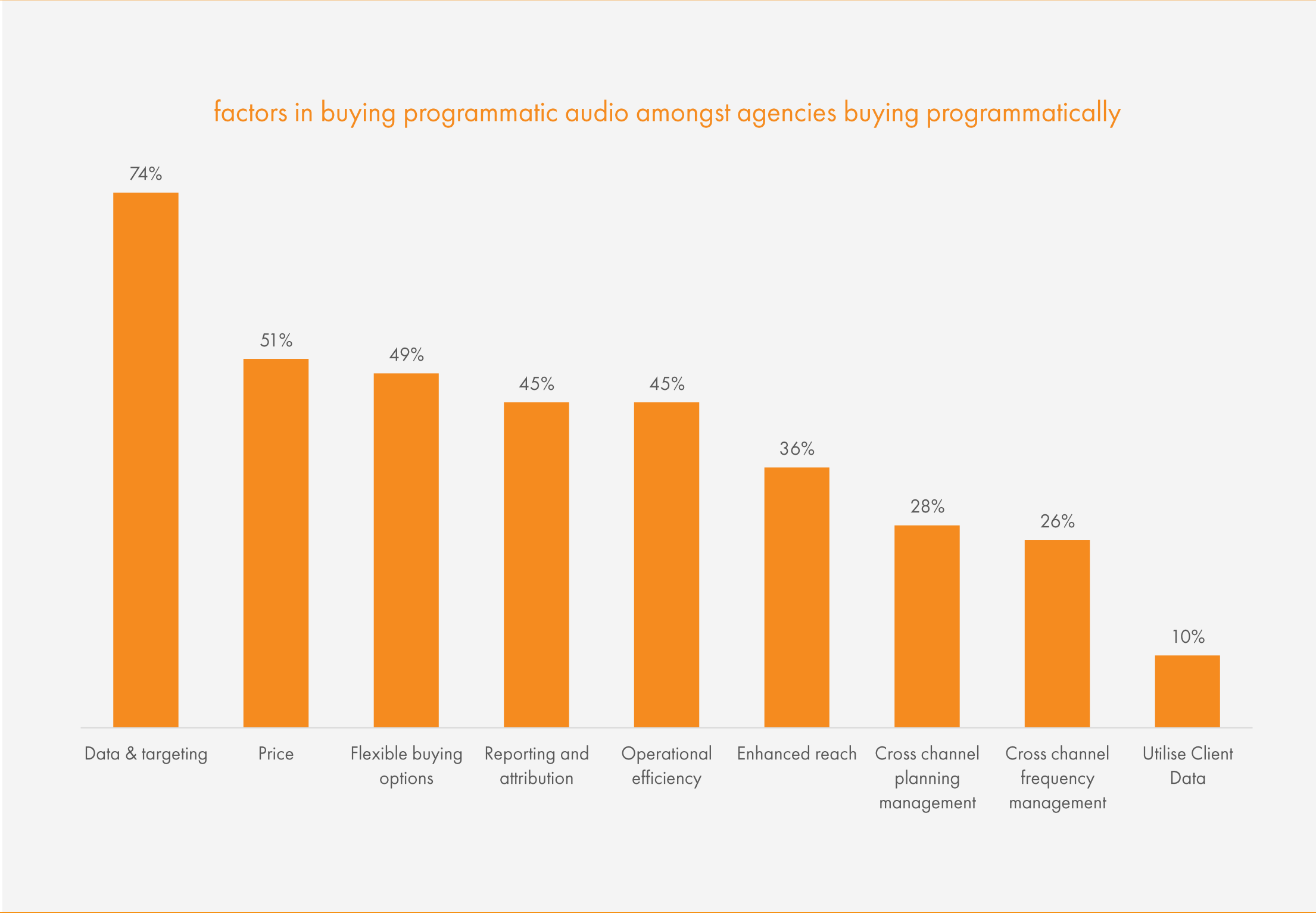
# data and targeting continues to drive programmatic

Data and targeting continues to be the predominant driver of agencies buying audio advertising programmatically, as it has for all previous waves of the survey.

Price has risen to the second most important driver in a year of greater accountability.

*“one of the most impactful strategies for the digital audio industry to assist marketers in driving business growth through digital audio advertising, would be to enhance targeting capabilities and measurement metrics”  
- agency respondent*

factors in buying programmatic audio amongst agencies buying programmatically



# demographic and geo audience targeting is most used when buying digital audio

Demographic and location are the most used audience targeting when purchasing streaming audio or podcast advertising. Similarly, these are also the most used for digital video advertising.

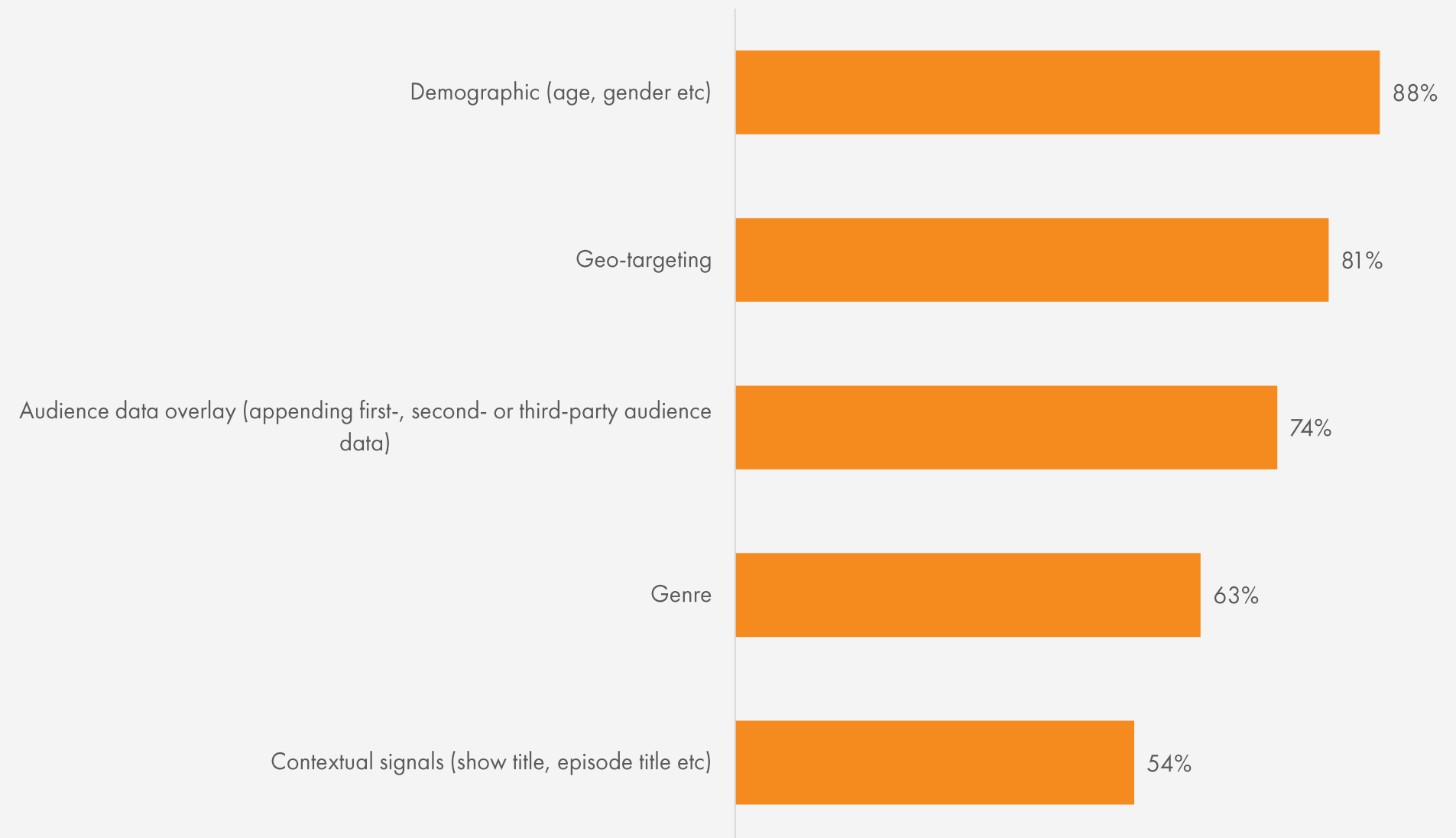
In preparation for third-party cookie retirement and signal loss, agencies need to review reliance on third-party data signals used for targeting.

This is a new question added to the survey for the first time this year.

*“personalisation is key, ads that are not just targeted based on demographics, but on individual preferences and behaviors. With AI coming into play, we can tailor the content to resonate with the listener on a personal level, that could make digital audio ads more engaging and effective.”*

*- agency respondent*

audience targeting types used by agencies

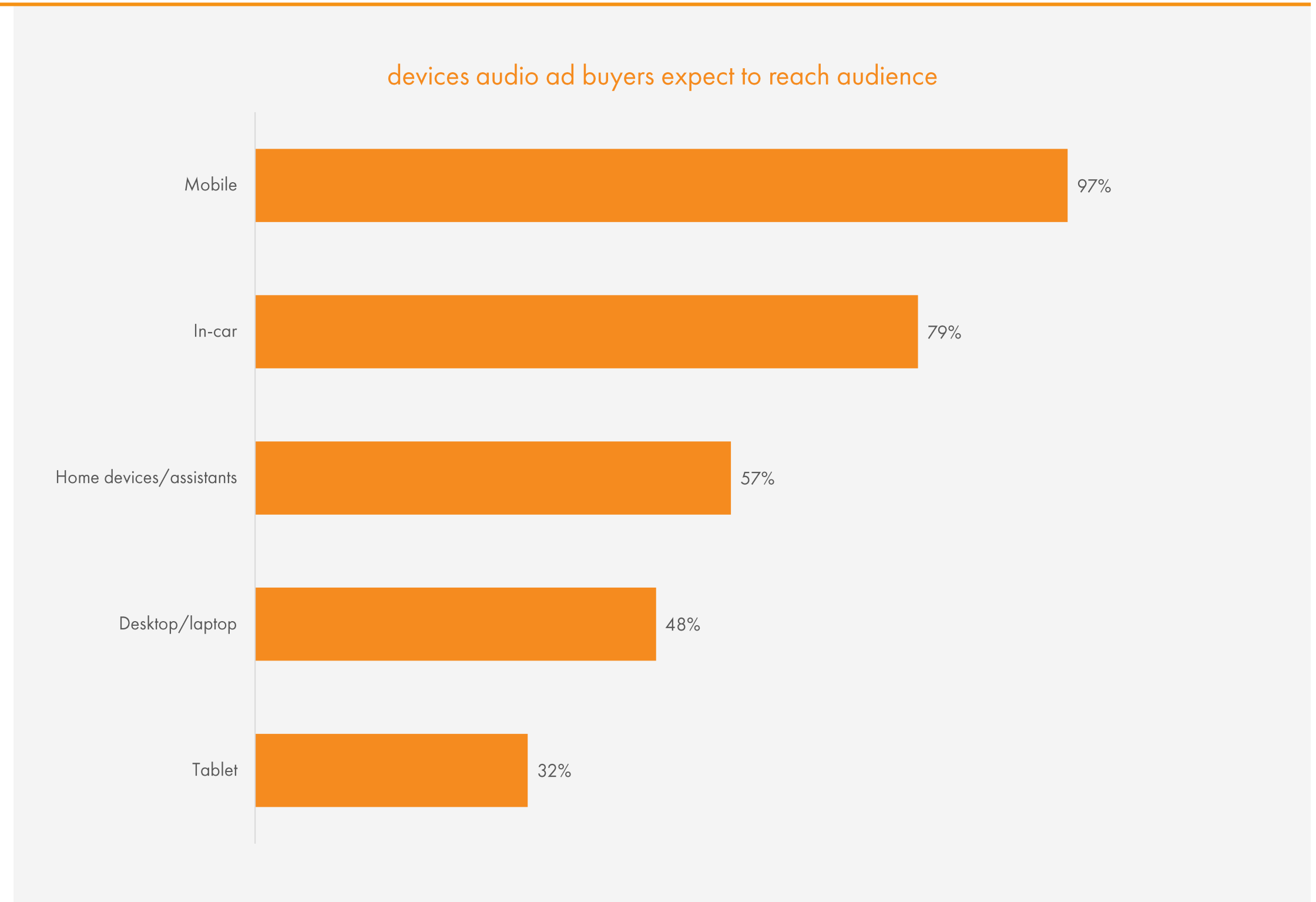


# buyers are planning digital campaigns with the expectation of reaching audiences on mobile and in-car

When planning digital audio (music or radio) and podcast advertising, advertisers have the expectation of reaching audiences on a range of devices, in particular mobile and in-car.

This is a new question added to the survey for the first time this year.

*“to help marketers drive business growth using digital audio advertising there should be more focus on the penetration of digital audio, e.g. car audio now being considered digital. Also a focus on the exclusivity of the digital audio audience compared to other channels.”  
- agency respondent*



# 03. audio creative formats

# agency usage of dynamic audio creative

Appetite to use dynamic audio creative is high, respondents see opportunities for driving business growth with dynamic audio creative ...

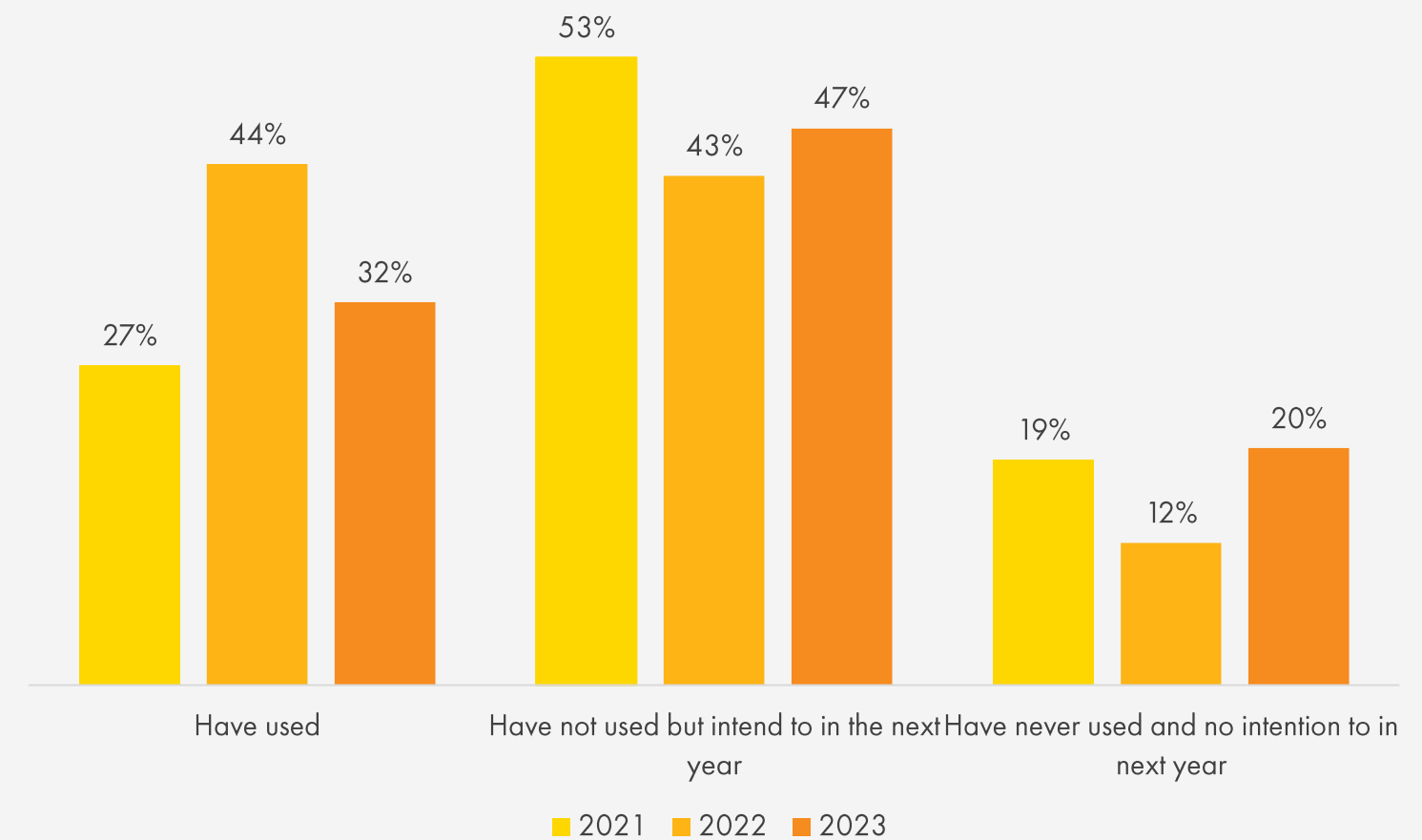
*“better reporting capabilities that will us to track and measure key metrics currently offered across digital advertising and better systems for dynamic ad placements are required ... my agency has found they are quite limited in what they can show. e.g low success rate due to sample size, system capabilities etc”*

*“use generative AI to create interesting and dynamic ads that are culturally and contextually relevant, demonstrating how audio can be quick to respond to cultural moments.”*

*“the capability of dynamic ads to share semi-personalised messaging or changes messaged based on data signals on actions, stage of purchase funnel”*

## dynamic audio creative

32% of agencies have used Dynamic Audio creative over the last year, a decline on the previous year but above 2021 usage levels.

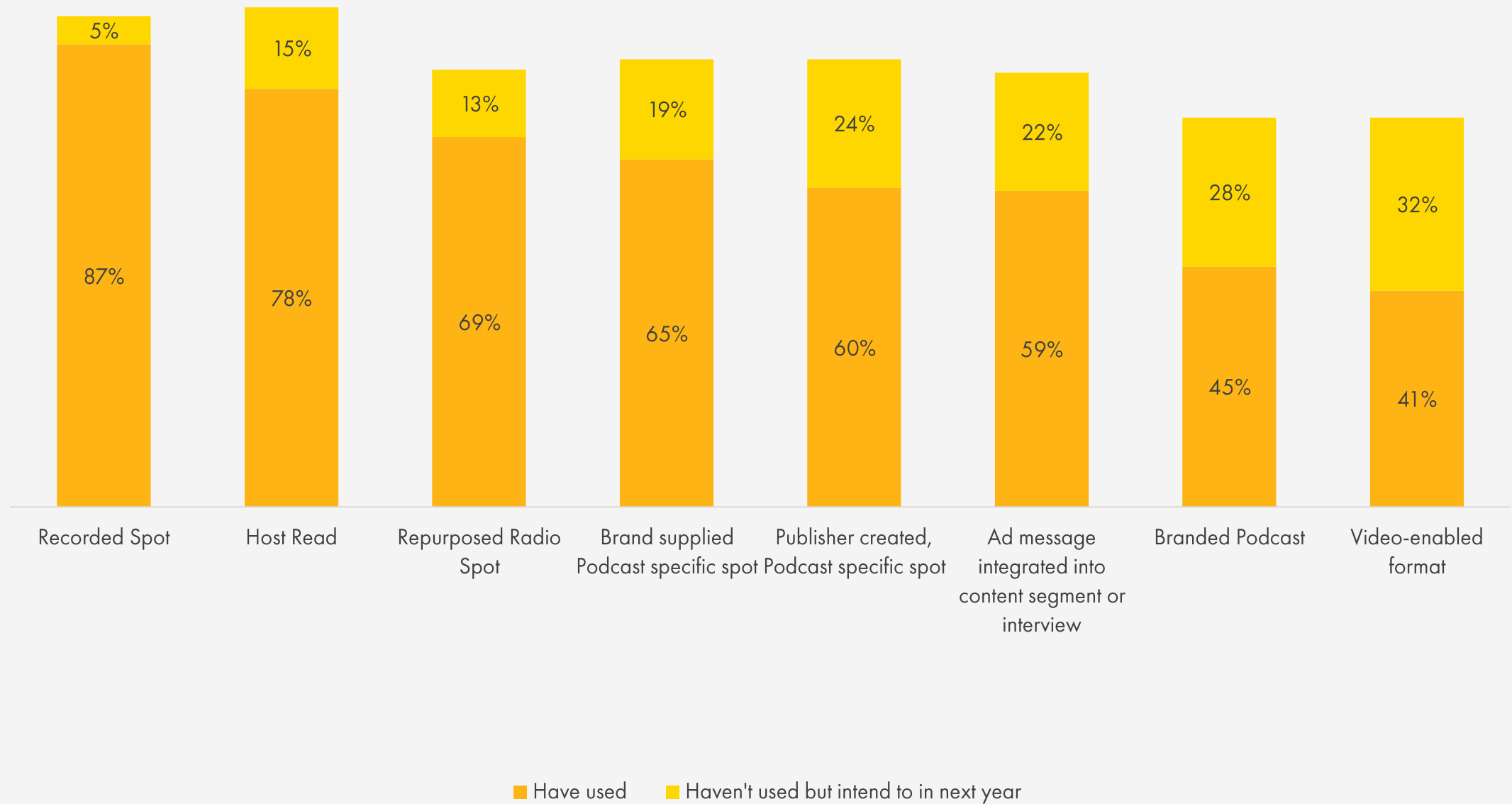


# agency usage of podcast creative formats

Recorded and host read podcasts remain the most used podcast creative formats amongst agencies.

There is high appetite to try video-enabled and branded podcasts over the next year.

agency usage and intention to use podcast creative formats



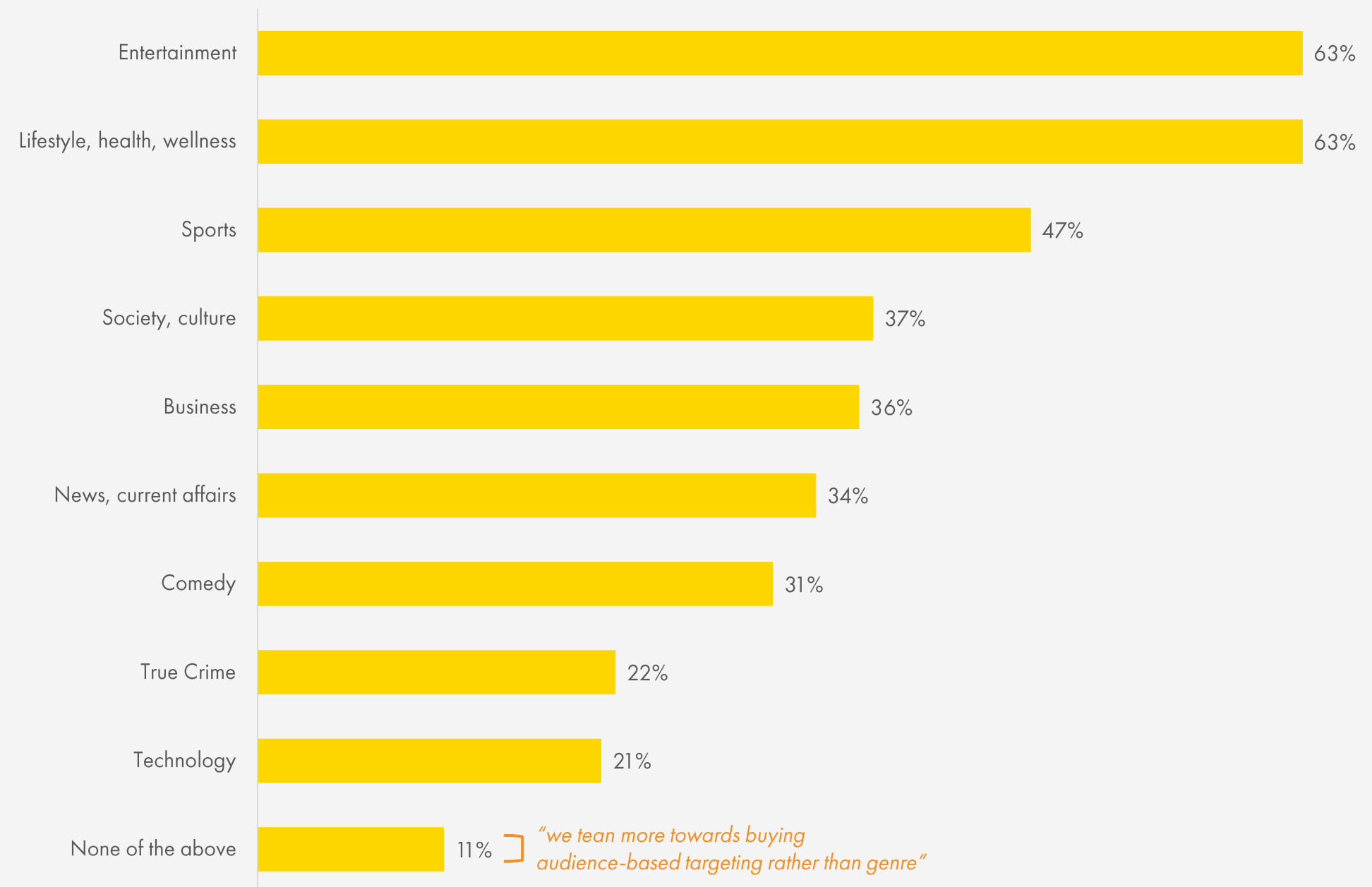


# entertainment and lifestyle podcasts the most popular genres for agency advertisers

Agencies are using a variety of podcast environments; however, the number of platforms can be complex to navigate ...

*“simplify podcast hosting and distribution information to help better explain to the marketer how they can capitalise on reach across different platforms and who to brief on what content. Every host platform is ‘the best’ but at the end of the day, marketers just want to deliver reach, sales, conversions and who owns which podcast can often be confusing, given they are distributed on many platforms.”*  
- advertiser respondent

podcast content genres used by agencies in last year



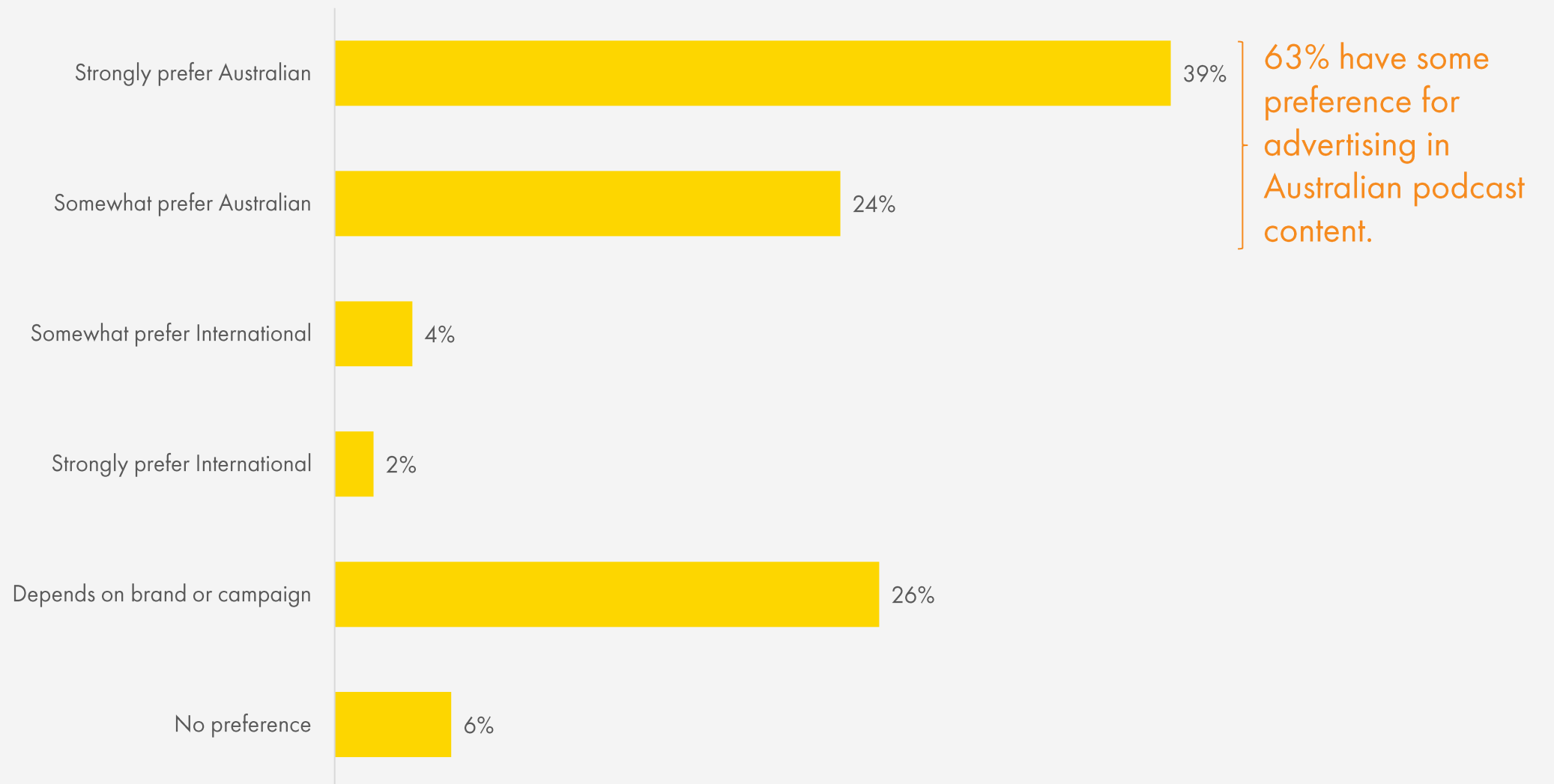
# agencies have some preference for advertising in Australian podcast content

Continued investment in quality content is vital.

This is a new question added to the survey for the first time this year.

*"I think its all about content - and providing the perfect environment for consumers to stay connected throughout the day with streaming or podcasts. So, keep investing in good content and providing a great platform for consumers to immerse themselves, and where marketers can engage with them to drive growth."*  
- advertiser respondent

agency preference for buying ad spots or host read ads in Australian or International podcast content



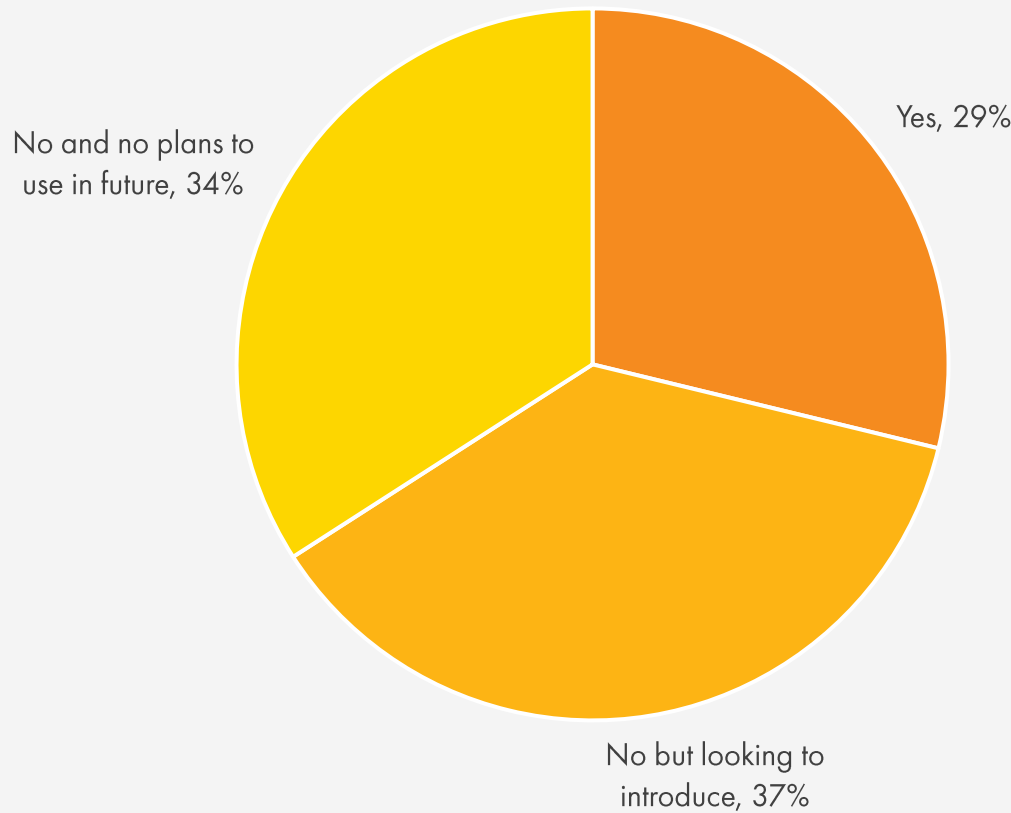
# consistent usage of sonic branding

Brand building is the predominant objective for digital audio campaigns, however only 29% of agencies consistently using sonic branding.

The strategic use of music, voice and sound to articulate a brand creates an emotional impact, and with consistency can make a brand more memorable. So, its worth looking to introduce sonic branding more regularly into audio campaigns.

## sonic branding

29% of agencies use sonic branding consistently. Intention to introduce consistent sonic branding is high at 37%.



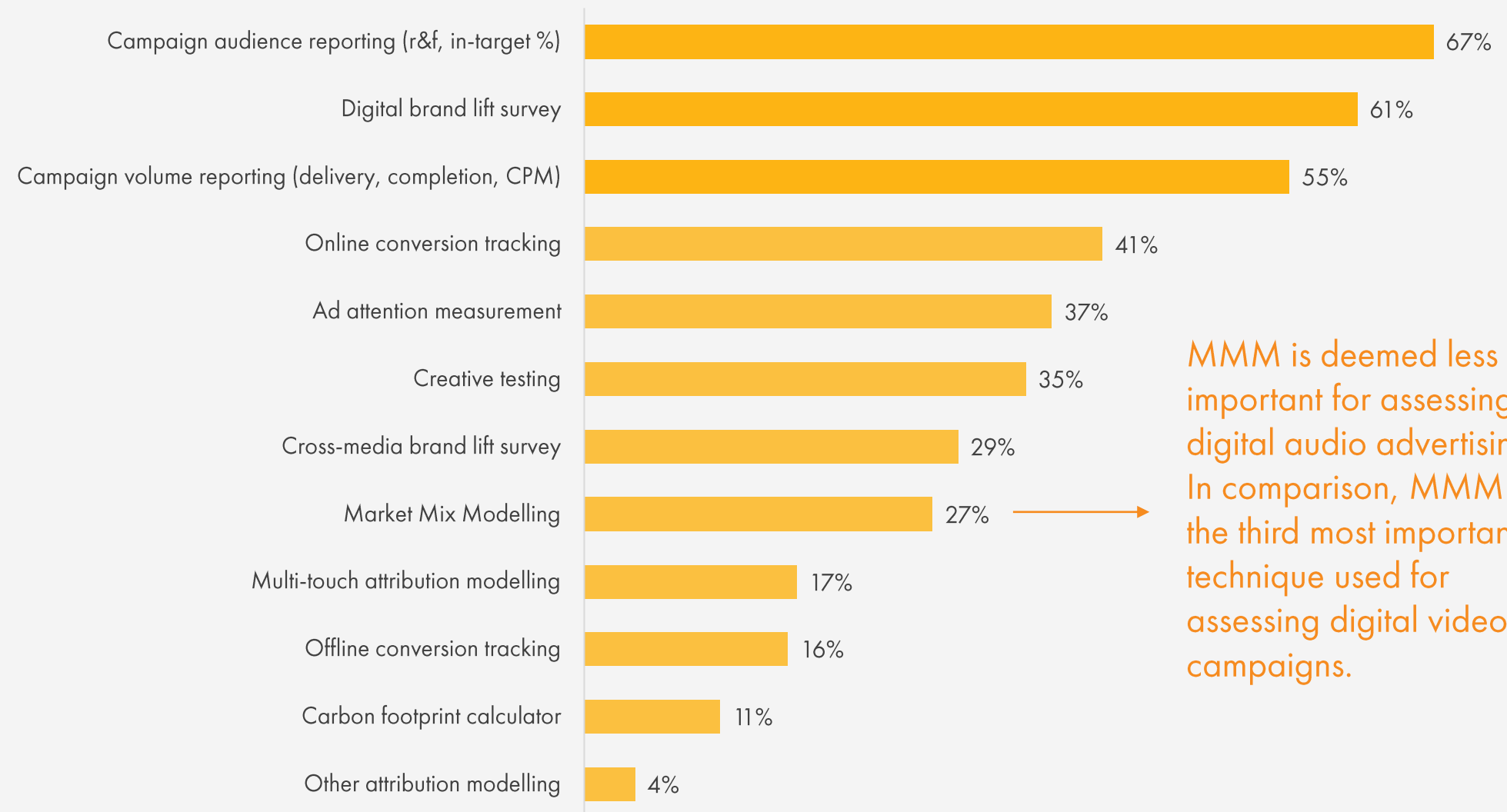
# 04. audio advertising effectiveness

# assessment of digital audio advertising effectiveness

## important ad effectiveness measurement methods

Campaign reporting (audience and volume) along with brand lift studies are the most important measurement tools for assessing the effectiveness of streaming audio and podcast advertising investment.

### important measurement tools for assessing the effectiveness of digital audio advertising



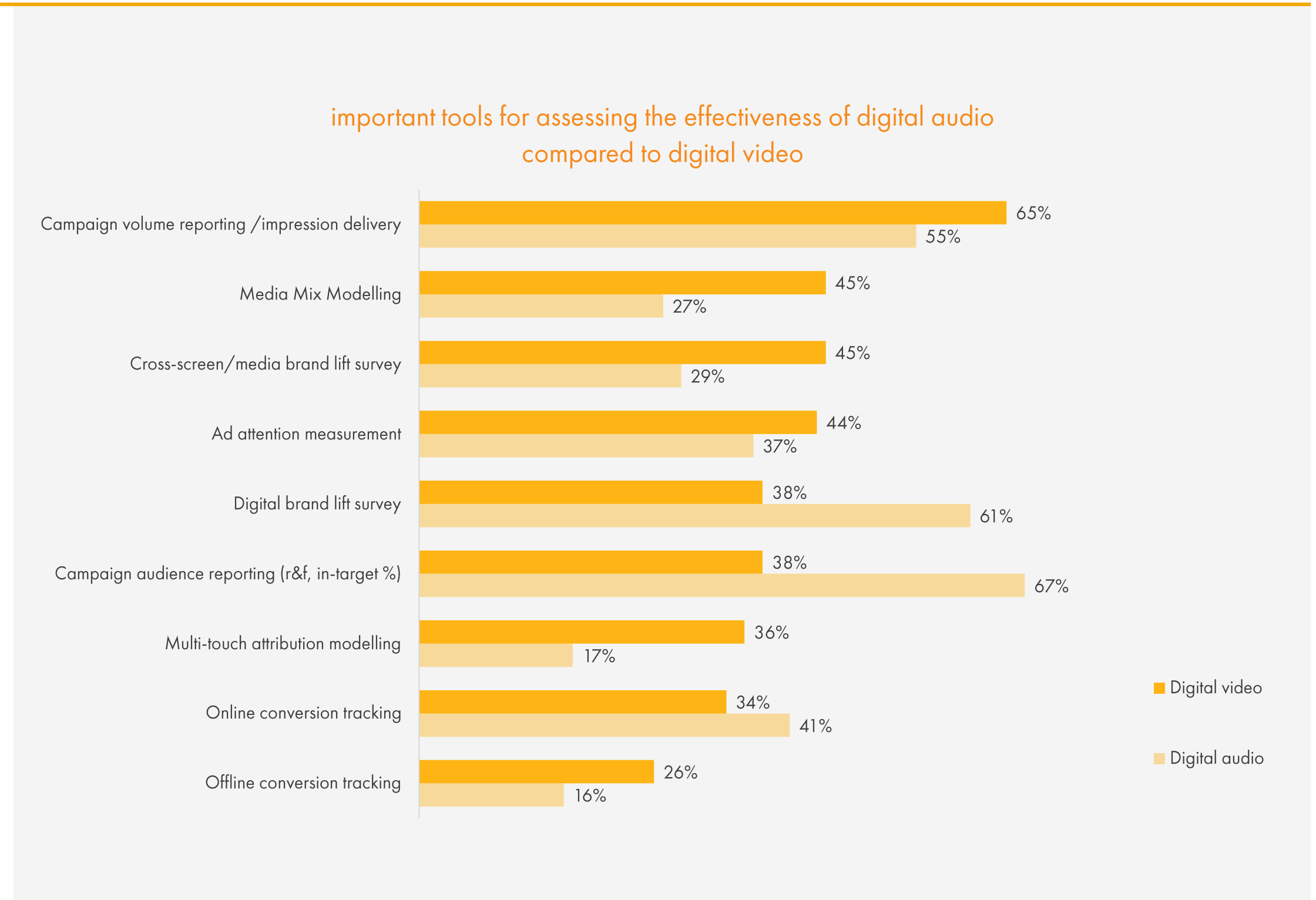
MMM is deemed less important for assessing digital audio advertising. In comparison, MMM is the third most important technique used for assessing digital video campaigns.

# assessment of digital audio advertising effectiveness

## important ad effectiveness measurement methods

MMM and cross-media brand lift experiments are resilient measurement techniques that assess the impact of advertising on ROI and brand impact, in the context of the full media mix. These tools are deemed as more important in assessing the effectiveness for digital video than they are for digital audio.

Considering a key driver for digital audio advertising is for complementing the media mix, these measurement tools provide the opportunity to understand the true performance of digital audio in the mix.



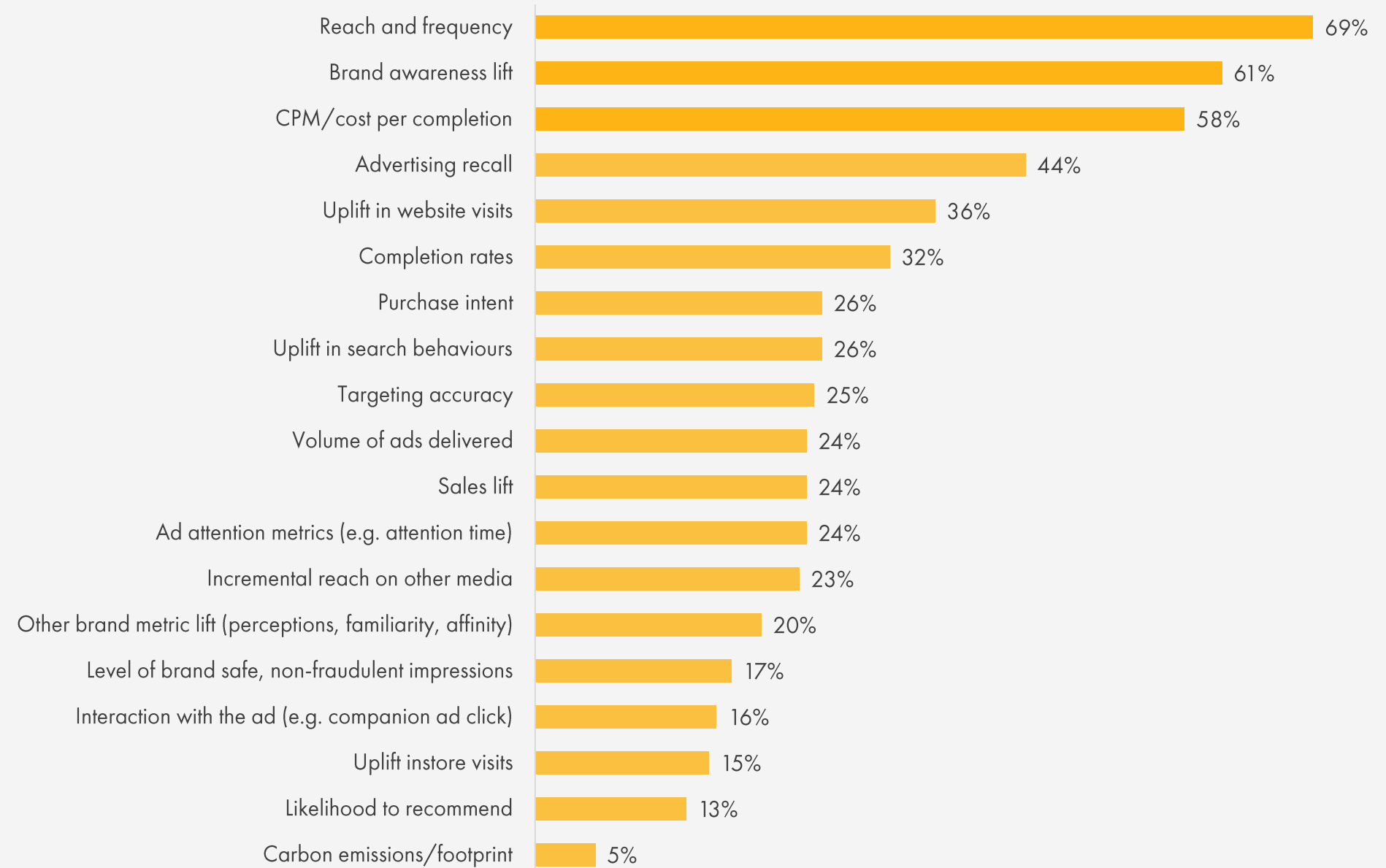
# assessment of streaming digital audio advertising effectiveness

## metrics used to assess streaming digital audio ad effectiveness

Reach & frequency and brand awareness lift are key effectiveness measures for streaming digital audio. Cost metrics are also being commonly used alongside other effectiveness metrics this year.

While reach and frequency is commonly used (also for digital video), this metric demonstrates media planning success but should be used in combination with effectiveness metrics to show the impact the campaign had on marketing objectives once it reached the intended audience.

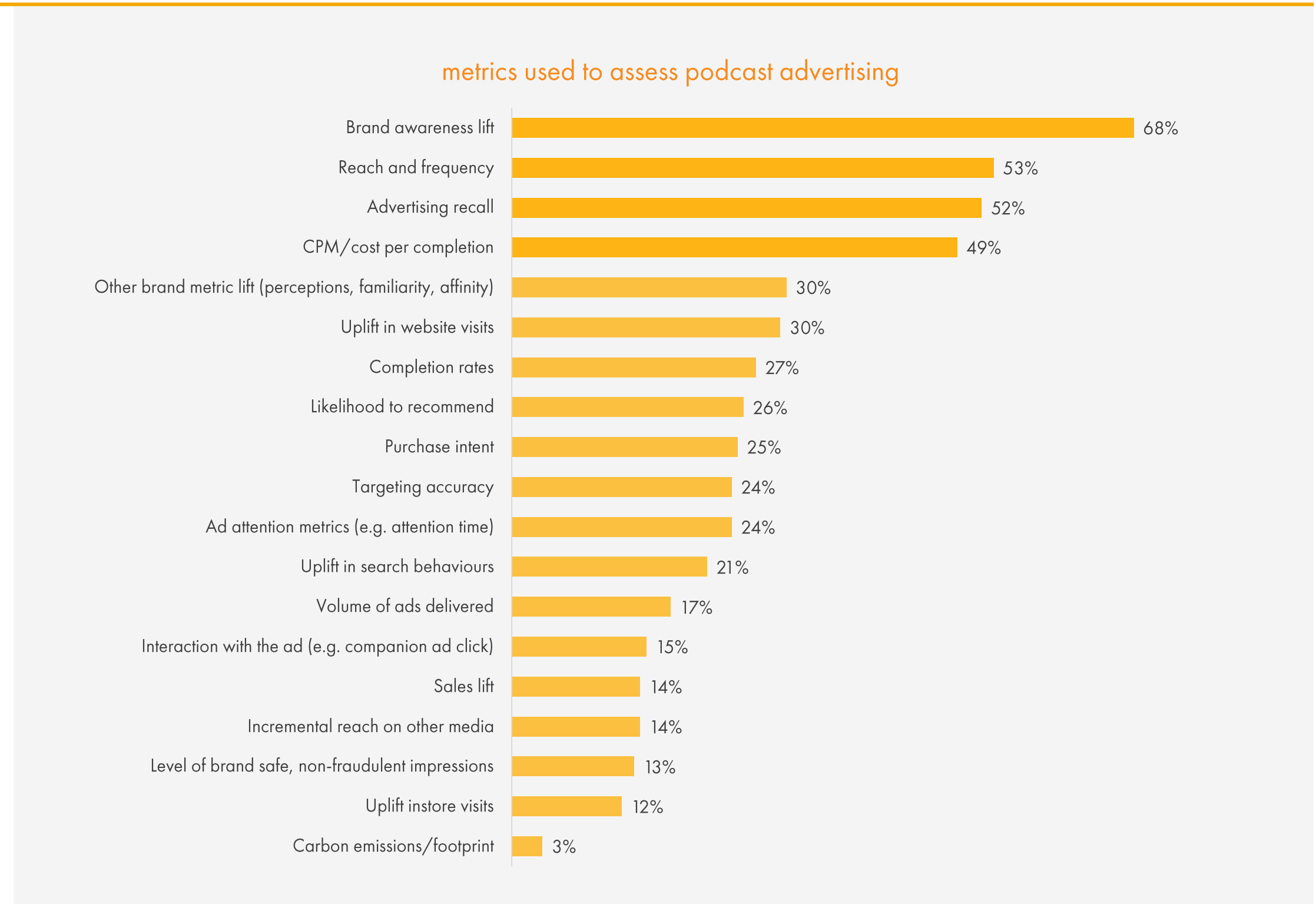
## metrics used to assess streaming digital advertising effectiveness



# assessment of podcast advertising effectiveness

## metrics used to assess podcast ad effectiveness

Aligned with the strong usage of podcast advertising for brand awareness, impacting perceptions and to inform or educate, brand lift metrics stand out as the most used metrics to assess podcast advertising.





# 05. opportunities

# measurement continues to be a key industry opportunity

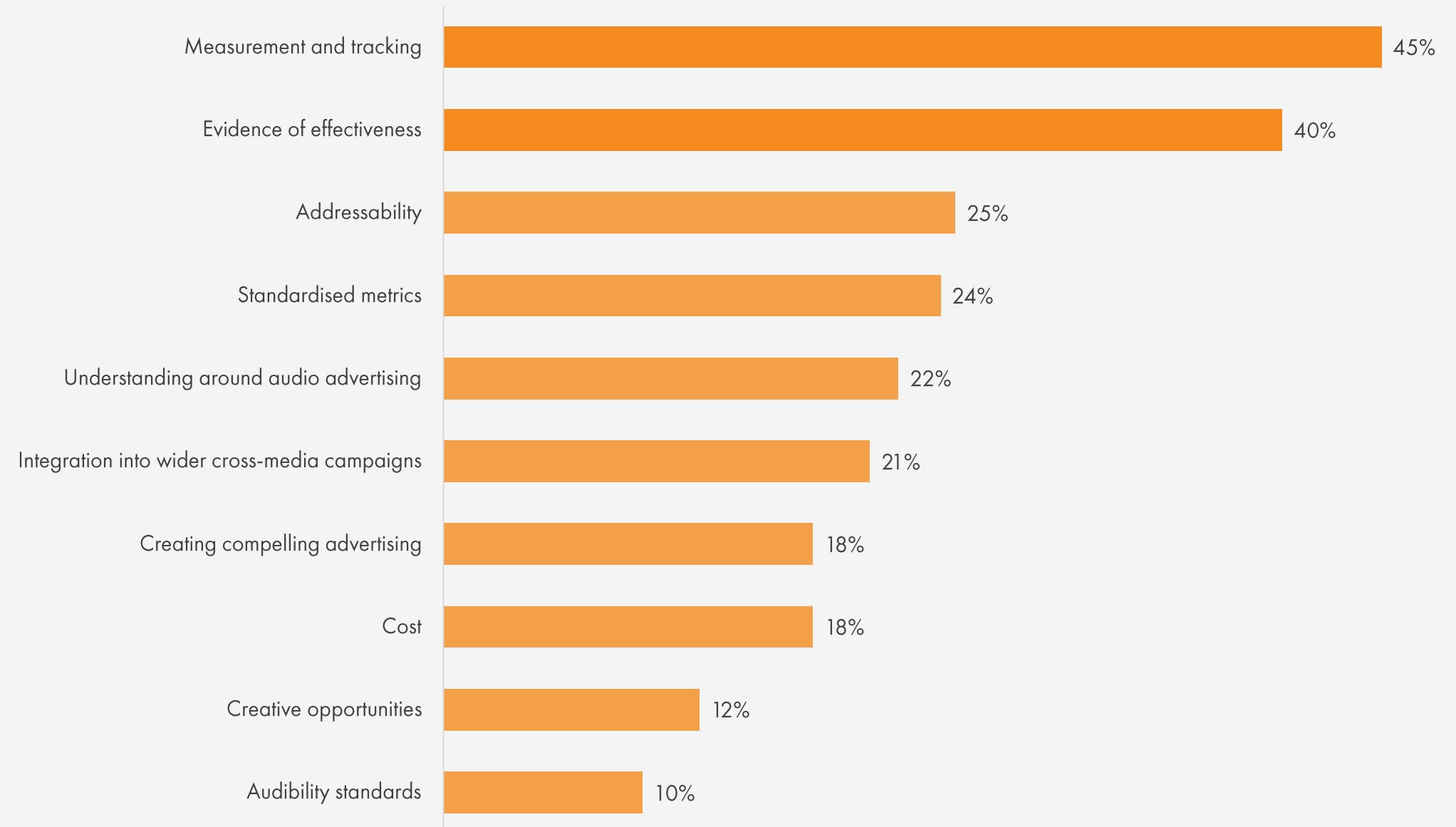
## top challenges for growth

Measurement and evidence of effectiveness continue to be the top issues preventing streaming digital audio and podcast advertising from being a larger proportion of ad volume.

*“The most impactful thing the digital audio industry can do is showcase the effectiveness of digital audio on campaigns. Currently, campaign metrics aren't strong and the multi-touch attribution for digital audio is low, so there is very little evidence to prove the effectiveness of digital audio. If the industry can standardise reporting and develop case studies/measure uplift of digital audio, that would go a long way to justifying its inclusion on a media plan.”*

- agency respondent

### top issues preventing digital audio from being a larger proportion of ad volume



# AI opportunities for growth in digital audio

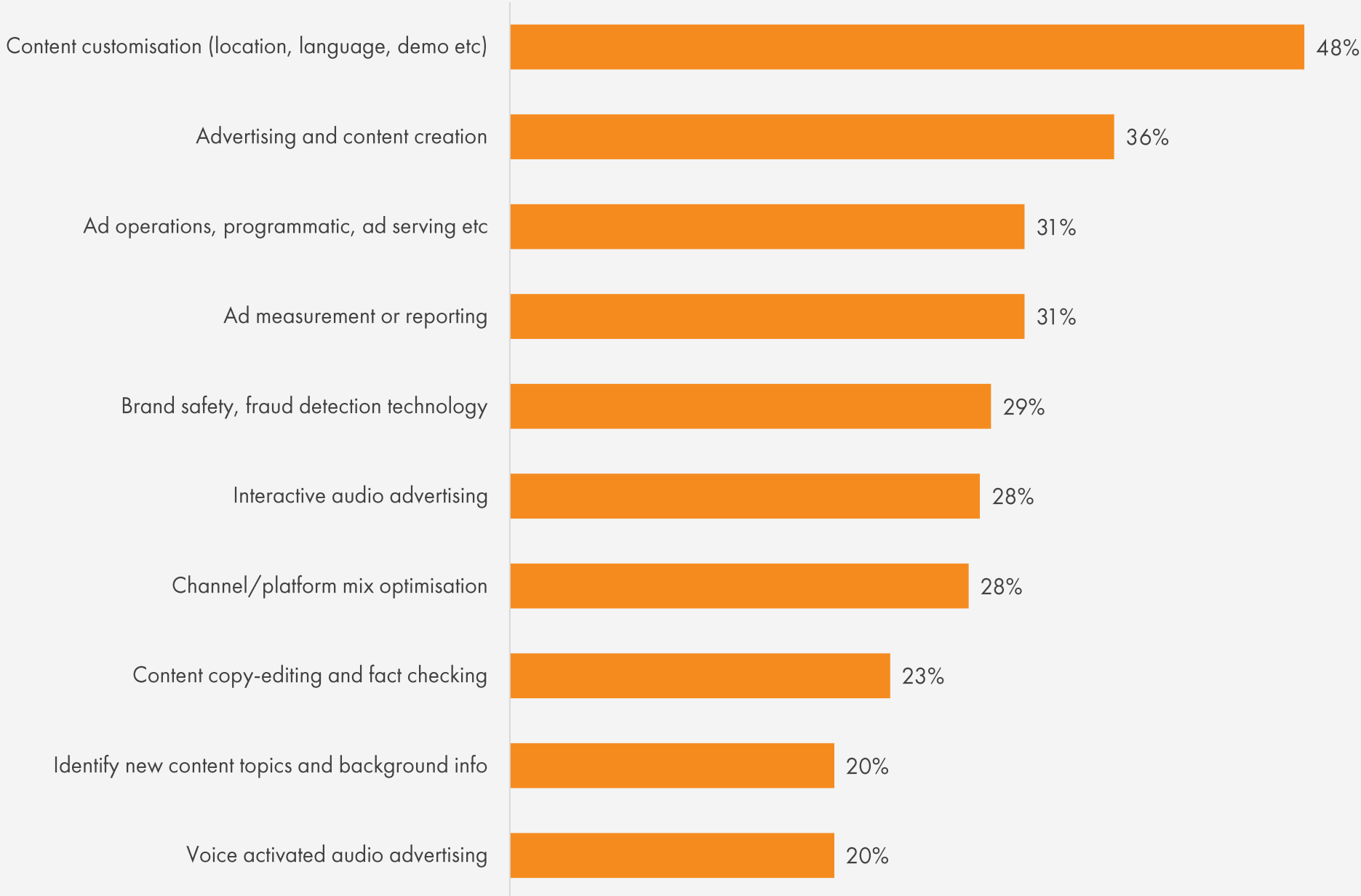
Ad buyers see AI driven opportunities in content and ad creation to drive future growth in digital audio and podcast advertising.

This is a new question added to the survey for the first time this year.

*“To use AI algorithms to analyse the emotional tone of audio content, helping advertisers craft messages that evoke specific emotions. This emotional resonance can make ads more memorable and impactful.”*

*“Leverage data analytics and AI, platforms to offer more sophisticated targeting options based on listener demographics, interests, behaviors, and even moods.”*

## generative AI opportunities to drive growth in digital audio advertising

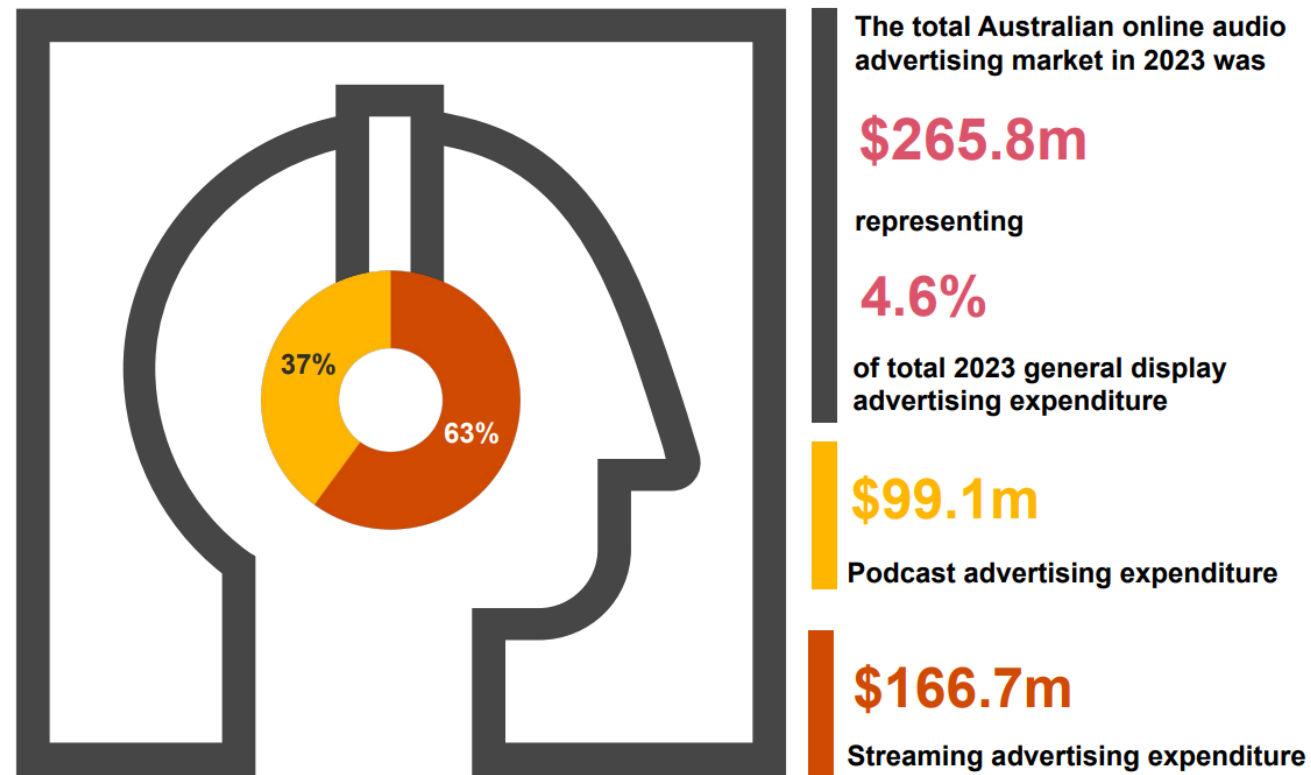


# opportunities to help drive business growth

The most impactful things the digital audio industry could do to help marketers drive business growth using digital audio advertising include more sophisticated targeting and personalisation, improvements and standardised ways to measure incremental reach, attribution and cross-platform effectiveness along with improving programmatic supply.

<p>“Leverage data analytics and AI, platforms to offer more sophisticated targeting options based on listener demographics, interests, behaviors, and even moods. This would allow marketers to deliver more personalised and relevant ads, increasing engagement and conversion rates.”</p>	<p>“A wider industry understanding of how much incremental reach digital audio can add to campaigns,...a cross-audio audience planning and measurement tool that captures all audio formats, reported against one single currency.”</p>	<p>“Passing back content signals and more open exchange inventory availability for programmatic buying.”</p>	<p>“The largest step change for the industry would be a standardisation of ad delivery, specifically around ad streaming, so buying methods and capabilities can standardise and sophistication can improve.”</p>
<p>“I’d focus on data-driven personalization. By diving into listener data, creating hyper-targeted ads that resonate with each audience segment would be the way to go. This isn't just about reaching an audience; it's about forging a connection. It's the precision in understanding and addressing listener preferences, behaviors, and demographics that can significantly enhance engagement and conversion rates.”</p>	<p>“Aid in the measurement journey of digital audio. We are finding many brands are still leveraging cost per completed listens, but do not always have a streamlined approach to attribution and reach across audio. The streamlined measurement will allow for audio to have a bigger piece of the cross-channel investment and therefore show the value of this strong channel.”</p>	<p>“Improvements across programmatic supply to help increase scale, targeting and reporting capabilities across the Australian market. This would not only enable media buyers to better deliver on client objectives but would mean a significant increase in the usage of programmatic audio as it is such an engaging, one to one channel but is still very underutilized due to these barriers.”</p>	<p>“Proof that specialised creative solutions delivers high attention with consumer which in turn delivers better outcomes for clients.”</p>

# further resources



The IAB Australian Online Advertising Expenditure Report, prepared by PWC reports quarterly on the size of Australia's digital audio advertising market including podcasts, music and radio streaming.

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